The MAGAZINE of WALL STREET

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THE OUTLOOK

Stock Exchange Scandals — Recent Dividend Policies — The Unfortunate Shipping Industry—Export Situation—The Market Prospect

THERE need be no surprise because of the "secondary" stock exchange scandals which have so plentifuly developed in New York during the past two or three weeks. A movement is now on foot to penalize the persons principally guilty, and to ascertain the essential causes of the irregular work for which they have been responsible. No doubt such efforts will turn out as they usually do. Some men may be brought to justice, others discredited and driven from business. All this will not help the people who have lost money, nor will it restore the prestige of the speculative organization of the country. What will?

In answering this question, it is quite useless to argue that the evils that have developed occurred a long time ago, or that the men responsible for them are now out of business, or to point out that they were the result of practice on "secondary" exchanges which were not subject to the same strict standards of ethics that applied in the case of others. It is safe to say that, if the charges which are now made had been preferred two or three years ago at the time when the abuses complained of were rampant, there would have been (as now) general denial of the possibility that any such situation prevailed and refusal to admit that there could be such conditions in the brokerage community. No attention need be paid to any such statements at the present day. They may be strictly true for the moment, or they may not. The point is that the determining causes that now exist have existed for a long time and that they have produced in the past, or have allowed to develop, the evils that today cause such serious anxiety and have given rise to the present investigations. They must be rectified if there is to be any assurance that the bad results of such conditions can be eliminated in the future.

Of course, this inevitably brings up the question whether there is some kind of government regulation that is applicable to stock exchanges and to brokers and that would result in minimizing and wiping out the bad features to which reference is made. There have been statements by professional reformers in the past to the effect that such regulation could be made to work a general transformation of unfortunate brokerage conditions.

Stock Exchange incorporation, licensing of brokers, periodical examination of their accounts, and a variety of other proposals have from time to time been brought forward, all without any general acceptation on the part of the public or even on the part of that portion of it which is technically familiar with speculation. Some, or all, of these changes might produce beneficial results. Whether they would do so or not would depend a great deal upon the efficiency and care with which they were applied. Like other efforts of the same sort, they would result in bringing about a large outlay, and, incidentally, in causing annoyance to and interference with legitimate enterprises which have never been under suspicion in any of the particulars which are now so common and so obnoxious. It is safe to say also that the suggestions thus made, if embodied into law, would take a long time to apply successfully. This has been the experience in bank examination, and would be likely to be duplicated in stock-brokerage operation today.

What is demanded is the undertaking of a definite policy of "cleaning up" on the part of the financial community. There is every reason why such an attempt should be made, and there is little ground for doubting its

success. It ought to be much more immediately effective than any kind of legislative or administrative control.

The present bad conditions have come into existence as a result of sheer neglect or indifference on the part of speculative and financial interests generally. One effect of them is seen in the general distrust that exists in regard to the investment machinery of the country. This reacts upon the activity of speculation, and the sound management of investment enterprises. It lays every offering of securities, no matter how honest and safe, open to suspicion and raises the suggestion that there is something wrong or at least that there may be.

It would undoubtedly be good business in the narrowest sense of the term to have the situation clarified and reduced to a basis of strict honesty. Why should this not be done? Whatever the answer may be, those who are responsible for refusal may well count the costs with some degree of care, remembering that if they do not themselves institute the needed changes they will probably have to encounter a rising tide of demand for government intervention. Even if they were able to resist such demands, they would still have to reckon with the continuous loss of prestige and of business which accompanies the prevalence of doubt and uncertainty concerning the legitimacy of the speculative methods now in vogue.

GERMANY'S NEW OFFER

QUITE the most important event of the past week or two, in a financial way, has been the new offer made by Germany for reparations settlement. This offer is based on a payment of $300,000,000 per annum, and has, of course, met with almost immediate rejection by France. Apparently there is no offer that Germany can make that would be acceptable to anybody, unless it complies with the needs of the creditor.

France is in the position of an individual who gauges his salary requirements by his expenses rather than by what he can do in the way of service. This makes an impossible problem, for it is apparent that there has been, thus far, no serious or sustained effort to find out what the Germans are actually able to pay. Germany has her own ideas, while France, England and Belgium view the situation in as many different lights as there are countries. The remainder of the world is left to get along as best it can, settling its own affairs from time to time in such a way as to meet as far as possible the disturbances that have originated with the contesting nations.

All this is more unsatisfactory and even distressing, not only from the standpoint of humanity and world politics, but from that of actual economics and trade. The German proposal has at least the merit of being more businesslike and reasonable in its details than any that has preceded it. Probably, it is only another step in the direction of general settlement. How long will be needed to reach the final basis of settlement is still to be ascertained. There is no certainty as yet regarding the outcome, and meanwhile other countries must struggle along as best they can under the disturbed conditions which still exist.

CUTTING DIVIDENDS AGAIN

ONCE more it has been necessary to cut the dividends of several important concerns, particularly in the oil trade. This is the immediate result of overproduction and limitation of business. Enterprises in some other lines of trade have found themselves faced with somewhat the same kind of situation.

It is an unfortunate state of things, especially for stockholders, that business establishments should vary so widely in their distribution of profits as has been true within the past five years. The situation is partly due to lack of a firm financial policy, directors refusing to draw too heavily upon accumulated profits in order to meet the demands of stockholders; but it is partly due to the recent condition of business.

At present, there is undoubtedly a very narrow margin of profit in many enterprises, and one which can be easily disturbed or shifted from one side of the ledger to the other. This is due to high costs of production, fluctuating prices and general uncertainty.

Altogether, these fresh reductions of dividends ought to afford some ground for careful thought from a number of points of view. They have a bad sympathetic effect upon the market at large, inasmuch as they tend naturally to reduce confidence in the ability of other shares to keep up their distributions. It would be a good thing all around if the larger industrial and other enterprises could get their own consent to a policy of dividend declaration based upon the practice of our banks which aim to fix their rates at a level which will allow regular maintenance of dividends at a moderate figure, stability and continuity being considered far more significant than the actual size of the distribution itself.

A DEPRESSED INDUSTRY

WHILE railroads are doing decidedly better with the results of their business as land carriers, very little improvement seems to have taken place among water carriers. The report of the International Mercantile Marine Co., made public a few days ago, is a rather de-

pressing document. It shows that the concern lost in depreciation of its vessels and plant much more than a million dollars over the current earnings from operation during the year 1922, while the president of the company frankly warns against the belief that conditions are now better.

There is no reason to suppose that the International Mercantile Marine is any worse off than any other shipping enterprise. Probably it is a good deal better off than most others in the same line of business. We have the Government working along in its shipping enterprise with a deficit of $50,000,000 a year, but it now appears that even well-managed private concerns have a good deal to struggle with in the way of deficits. Falling off in international trade, increasing expenses of operation, heavy depreciation of vessels, are all factors that have been anything but easy to meet. How much success can the Government look for if it goes into the shipping business in competition with others, at a time when all are affected in a similar way?

Incidentally, it may be fair to inquire why, with such conditions existing in the industry, a retiring Government official should be allowed to take the largest vessel in the country upon a six-day pleasure trip up and down the coast merely in order to extend courtesies to a large body of his own acquaintance or friends? It is an unwise step, and one which does not fit with the unfavorable earnings conditions that are emphasized by the reports of private concerns, among which that of International Mercantile Marine affords a shining example.

LARGER EXPORTING?

PROSPECTS of larger export business are now seen by various Government officers who profess to think that, because foreign countries have been selling us a greater quantity of goods, they should be in position to buy more largely of our products. This seems to be putting the cart before the horse.

Foreign countries are still obliged to pay us, on "invisible account," a good deal more than the surplus of our imports over exports amounts to. If we insist upon collecting our debts in cash, and at the same time demand that foreigners shall pay us for all services such as shipping, insurance and the like in the same way, we cannot expect that they will be able to settle their debts otherwise than by sending us an excess of goods.

This, in fact, is the situation that we have been working toward for a long time past in our foreign trade policy, and there is at present no prospect whatever of an immediate development of exporting on a larger scale. On the contrary, it would seem likely that our exports may fall off even more extensively than at present.

STABLE AND OTHER PRICES

HOW to stabilize the price level is a subject of perennial interest; and one which has been receiving very serious attention in economic circles for a good while past. It has lately formed the subject of discussion at a two-days' meeting in New York, but we have not heard that any definite outcome has been arrived at. On the contrary, the subject seems to be enveloped in quite as much mystery as ever. Of course, it would be a very delightful thing if all prices could be placed upon a reliable level, so that they would never change, and so that recipients of incomes could count upon always being able to buy the same amount of the products of labor.

In order to attain any such result, it is quite necessary that labor should also stabilize its output so as from time to time to provide an equal amount of commodities for the purpose of exchange with money. Labor unfortunately seems inclined to "stabilize" its own efforts in a descending ratio, producing as little as it can and reducing that little from time to time.

So long as it adheres to this point of view, the result cannot be very favorable to the stabilization of prices, but with money constant or increasing in amount, the future movement of the ratio of exchange of goods and purchasing power must be toward higher levels. There is a great deal more in the price problem than is generally attributed to it by those who are inclined to dabble in the subject on the surface, looking for ready-made schemes of various sorts and endeavoring to suggest means of "correcting" economic conditions which grow out of conditions that are, to say the least, semi-permanent.

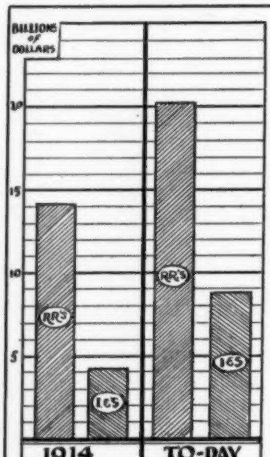
MARKET PROSPECT

THE continued downward action of the stock market is a reflection of the prevailing uncertainty regarding the outlook for business. This is more true of the industrial share list than of the rails, which have lately given a somewhat better account of themselves. Nevertheless, as illustrating the general state of mind toward the market, may be cited the recent increase in the N. Y. Central dividend, which might ordinarily be expected to have had a most compelling influence on stock movements, yet which had an almost imperceptible effect. The fact is, liquidation is still in progress in speculative issues, and for that reason we again counsel readers to maintain a liquid position. Monday, June 18, 1923.

Without Prejudice — Without Guesswork — Without Ponderosity

A True Picture Of the Railroad Situation Today

By ARTHUR J. NEUMARK



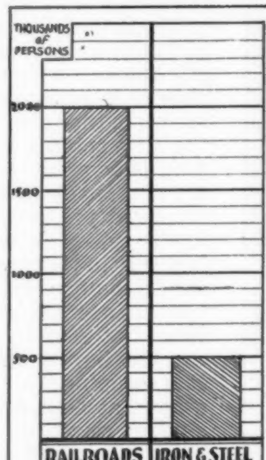
How the Railroads Overtop the Iron & Steel Industry
—IN THE AMOUNT OF THEIR CAPITAL INVESTMENT—

In point of capital investment and number of persons employed, the railroad industry is the second greatest in the country to-day.

In point of influence, both direct and indirect, upon our national life, both economic and social, the railroad industry has no peer.

In view of its overtowering importance the time seems ripe for a story describing, in plain, understandable terms, the position of the railroad industry today, compared with other times, the outstanding obstacles as well as the major opportunities it is facing; and finally, the outlook and prospects from the practical rather than the theoretical point of view.

No effort has been spared to make this a true, complete and unbiased picture. We are confident our readers will find it fully deserving of a most careful perusal. Not only railroad stockholders but investors in practically every branch of industry have a direct or indirect concern in the subject treated.



How they Overtop Iron & Steel Industry
—IN NUMBER of PERSONS EMPLOYED—

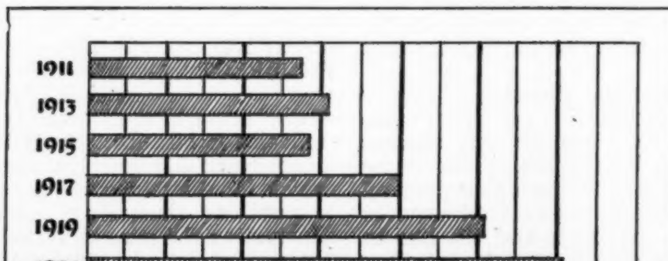
IN the beginning, there were no railroads. Our forefathers went to and fro by wagons and caravans, and on foot. Each little community, being to a great extent inaccessible to all others, lived a life of narrowness and extreme hardships. What business there was consisted of exchanges of absolute necessities, and trips were made from but once a month to once a year, according to the distance that separated one community from the other.

Then came the railroads, and communities became easily accessible one to another. The barrier of wilderness and unpopulated territories was destroyed, and the whole continent became as closely knit as each community was to itself in the beginning. *No one will deny that the railroads were the foundation of the marvelous growth of this country.*

With the railroads laid, and the industrial, social and economic possibilities revealed, a group of men, some honest, others not, but all of them shrewd and in their way, empire builders, pushed vitally toward the extension of railroad facilities. To finance their efforts they floated billions of dollars worth of stocks and bonds. Investors throughout the country bought these securities and thus became directly interested in the future welfare of the carriers.

Then came a time when the suspicions of the public toward the railroad managers, fanned, in part, by political demagogues, and by excesses in railroad management, and finally by the collapse of several standard roads, were aroused. Once aroused, these suspicions easily developed into antagonism. Public antagonism reached its height when, suddenly, it was realized that many of the great railroad systems had dissipated their credit resources, had become, in other words, bankrupt. "The managers neither run their trains properly nor run their corporations properly" shrieked the demagogues, and the public, fed with half-truths, accepted their statements at face value.

Then came a movement for public ownership of railroads. In some countries, the movement actually materialized, but in America, the nearest the movement ever reached was a form of public ownership brought about by the exigencies of the World War.



Gross Earnings Have Swelled
—TO MORE THAN DOUBLE THOSE FOR THE YEAR 1911

The Result of Government Control

During the period of quasi-public ownership, the railroads were plunged into a veritable maelstrom of waste, inefficiency, and deterioration. The results of this trial should linger long in the memory of all those agitators who continue to cry "Government control." When the war ended, the railroads were returned to their owners. Since then every effort has been expended to restore them to their erstwhile strong

positions. In the beginning, railroad managers were confronted with the task of restoring their properties, at a time when the country was in the midst of the greatest period of prosperity it had ever enjoyed. Consequently, they had to handle a volume of traffic that would have taxed them to their utmost had the equipment and properties been in normal condition.

The railroads have been waging an uphill fight. What have they accomplished? How far have they retrieved efficiency? How far have they restored earning power? How successfully have they handled the record traffic of this year, and what can they handle in the future? These and a thousand other questions are in the public mind today. So far as they can be answered, they will be answered in what follows:

From Government Control to Private Operation

The railroads were operated under Government control from January 1st, 1918, to February 29th, 1920. The experiment was a costly one both for the Government and the railroads. The former paid in cash alone, while the latter paid in depreciated property and equipment, dislocation of normal routes of traffic, and the return of organizations that had been schooled for two years in inefficiency and waste; and, last but not least, employees who had dictated wage questions with an iron hand, and were obsessed with their growing power. Truly, a sweet legacy!

Under such conditions the railroads were called upon to handle a record volume of traffic. Did they have an adequate amount of equipment? They did not! Was the equipment they had in the proper condition to handle such an enormous business? It was not! Were the properties in such shape that no unnecessary delays in hauling would occur?

The Railroads Use Each Year –

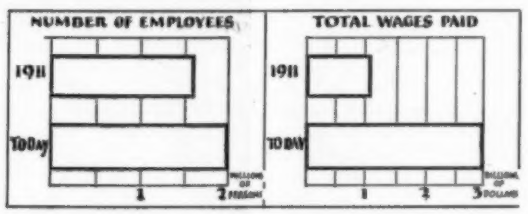
140,000,000 tons of Coal | **9,000,000 tons of Steel**

THE STEEL CONSUMED REPRESENTS A FULL QUARTER OF THE ENTIRE AMOUNT OF STEEL PRODUCED LAST YEAR, MAKING THE RAILROADS THE LARGEST CONSUMERS OF STEEL IN THIS COUNTRY.

Their Main Track –

COVERS 234,000 MILES, OR ENOUGH TO TRAVERSE THE CONTINENT FIFTY TIMES OVER

Again the answer is no. Yet the traffic had to be handled, lest business receive a serious setback due to the failure of the railroads to provide adequate transportation. Shippers, politicians, in fact men in all walks of life, were not slow in condemning the carriers for delays and congestion which were unavoidable under the circumstances. "Our transportation system was cracking, woeful inefficieny was manifest on all sides." The calamity howlers were wrong again. The traffic of 1920 was not handled with a maximum degree of efficiency, because it was a physical impossibility to do so, but the important fact to bear in mind is that the hardships with which industry had to contend, as a result of inadequate transportation facilities, were not because railroad officials did not know how to operate their properties, but because the Government left these properties in such a condition that the wonder of it all is that they succeeded in accomplishing what they did.



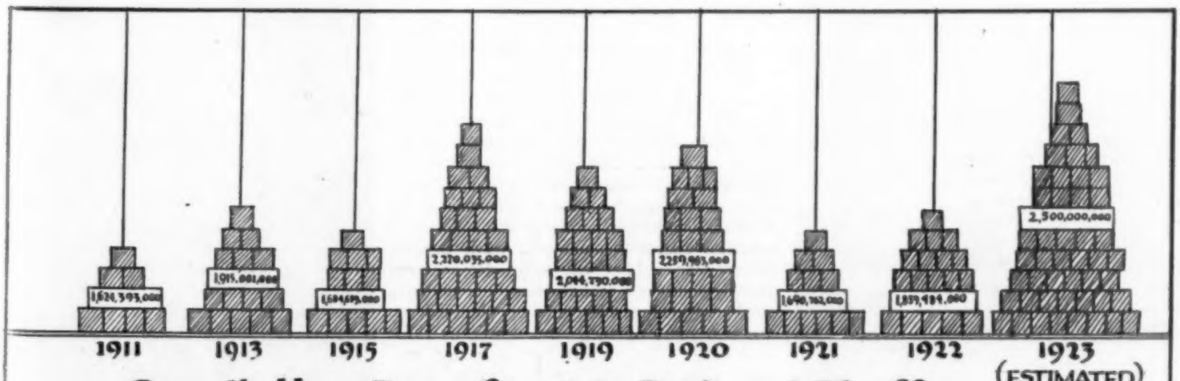
Wages More than Doubled!

THE FIGURES UPON WHICH THE ABOVE GRAPHS ARE BASED SHOW THAT 1,600,000 MEN RECEIVED AN AVERAGE WAGE OF $750 IN 1911 WHEREAS ABOUT 2,000,000 MEN ARE RECEIVING AN AVERAGE WAGE OF $1,500 TODAY

These are not idle words, but facts which can be substantiated by all sorts of statistical data, and by comparison with what our railroads are accomplishing today with a volume of traffic 15% greater than in 1920. This is not a statistical study, however, and we want to burden the reader with as few figures as possible.

Comparison of Equipment Facilities

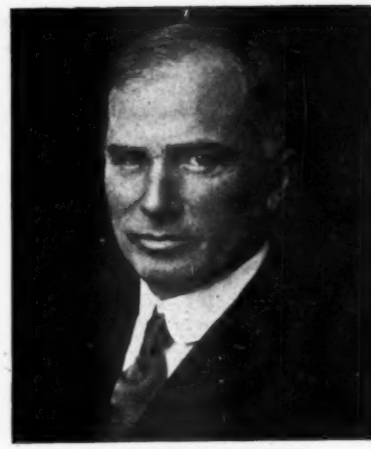
Periods of prosperity cast their shadow before them. An adequate number of cars and a large percentage of good-order equipment are two important prerequisits for handling a large volume of traffic. When the industrial boom of 1920 arrived, the railroads were in no position to meet the enormous demand of shippers. Not only was there an inadequate number of freight cars and locomotives, but an abnormally large percentage were unserviceable and those that were in good condition were subjected to such intensive use that by the end of the year the "bad-order" equipment situation presented a serious menace to future operating efficiency. When the carriers were turned over to Federal control, there were approximately 2,330,000 freight cars in service. When the railroads were returned to private operation in 1920, there was an actual increase in serviceable cars of about 40,000, or an increase of less than 2%. During this same period the volume of traffic increased approximately 15%. *In the two years and two months of Federal control, there was purchased a total of but* 100,000 *freight*



Growth Has Been Great in Railroad Traffic

AS THE ABOVE FIGURES, REPRESENTING TOTAL REVENUE TONS CARRIED, SHOW

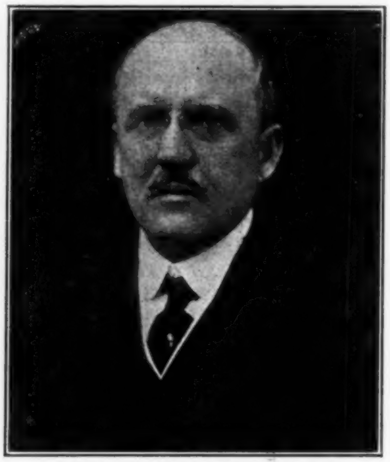
E. W. BEATTY
Chief executive of Canada's great coast-to-coast line, the Canadian Pacific Railroad



DANIEL WILLARD
President of the Baltimore & Ohio. Mr. Willard has been in active railroad service for over forty-three years

cars and 1,930 *locomotives.* That is how the Government prepared the roads for a year of record traffic. At the present time there are about 2,500,000 freight cars in service and sufficient orders have been placed to bring this total close to 2,700,000 before the end of the year. *In the fourteen months from January 1st, 1922, to June 1st, 1923, the railroads placed orders for over* 252,000 *freight cars and* 4,600 *locomotives.* That is how our railroads prepared for the present record volume of traffic under private management.

As the old saying goes, "It never rains but it pours." The railroads enjoyed but a comparatively short respite from Federal control, when the very powerful labor unions attempted to exercise the same control over private management that they had over the Government. The result was a long drawn-out fight, with the railroads finally emerging partially victorious, but at the costly price of reducing the condition of their equipment to far below normal standards. The loss was overcome, however, and once more the railroad succeeded in rectifying an adverse situation. In the fall of 1922, the unusually high amount of 15% of freight cars and 21% of locomotives were unserviceable. By the first of last May the unserviceable freight cars had been reduced to 9.2% and unserviceable locomotives to 19.4%. The present program of the railroads calls for a reduction of unserviceable freight cars to 5%, and unserviceable locomotives to 15% by October 1st, when the heaviest volume of traffic is anticipated.



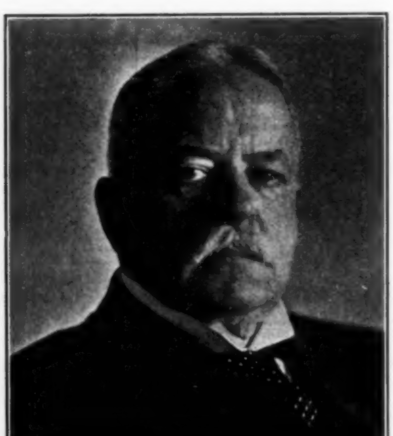
AGNEW THOMSON DICE
President of the Philadelphia & Reading, who began as flagman with an engineering corps on the Pennsylvania Railroad in 1881

ALFRED H. SMITH
President of the New York Central Lines. Mr. Smith entered the service of the L. S. & M. S. Rwy. at Cleveland as a messenger boy in 1879

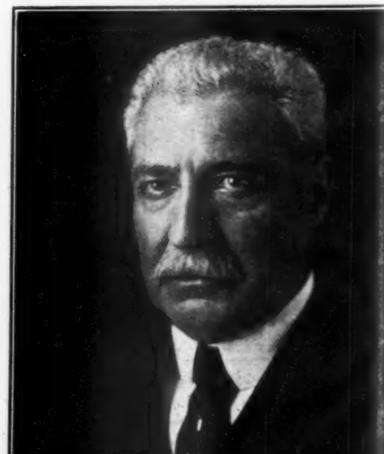
Increased Operating Efficiency

Almost every factor which furnishes an index to operating efficiency is showing an improvement since the return of the railroads to private management. The years 1920 and 1921 cannot be taken as a fair comparison, because in the former year the railroads were confronted with a situation which made it impossible to increase operating efficiency, while in the latter year volume of traffic declined so heavily that there was no chance to accomplish as good results as they obtained in the two years of such large traffic as 1918 and 1919. Figures for last year, and results obtained thus far this year, however, reflect a return to "normalcy." The operating expenses of last year consumed 79.3% of gross, compared with 85.5% in 1919. Wages last year were lower than in 1919, but this was largely offset by reduced freight rates. On the other hand, the carriers spent as much on maintenance of road and equipment last year as in 1919, which was really tantamount to an increase of approximately 30% in the amount of actual work done, as the average wholesale price of 20 basic commodities, the most of which enter into railroad maintenance expenses, were over 30% higher in 1919 than in 1922.

Increased efficiency in the handling of equipment is reflected by the larger number of revenue tons car-



JULIUS KRUTTSCHNITT
Chairman of the Southern Pacific, who has directed the fortunes of one of America's greatest railroad properties since 1895



SAMUEL REA
President of the Pennsylvania Railroad, which ranks as the largest railroad property in the United States

ried per loaded car, and the increased number of loaded cars per train. The railroads today are handling considerably more traffic with fewer car and locomotive miles than at any time during Federal control. In other words, they are getting more intensive use out of their equipment.

The Fear of Radical Legislation

The result is that in the current year, with traffic heavier than ever before, the railroads are enjoying the first really prosperous year since 1917. They are earning substantial balances on their common stock, and are coming back despite the many obstacles that have been placed in their path. The most discouraging feature of the situation, however, is that having demonstrated to shippers and the public at large the soundness of American railroad management, they are again facing a critical situation. If the public has forgotten the results of "too much regulation," railroad officials and investors have not, and yet today one hears of nothing but the destructive program of the radical element in the next session of Congress. They do not come out openly for a return to Government control, but what they propose in the way of restrictions and regulations would be equally disastrous and eventually again precipitate Federal operation.

During the last session of Congress, 141 different bills were introduced to increase Federal regulation and last year 228 measures, in all, were introduced in the State

(Please turn to page 352)

The Railroad Situation at a Glance

	Government Guarantee Average, 1918-1919	Net Operating Income, 1919	Net Operating Income, 1922
	←	Thousands	→
Anthracite Roads—			
Delaware & Hudson...	$7,400	$2,046	$1,216
Central R. R. of N. J...	9,352	1,384	3,375
Erie	15,785	392	3,867
D., L. & W..........	16,049	11,947	6,669
Lehigh Valley........	11,316	3,679	590
Total............	$59,902	$19,448	$15,717
Present outlook: Fair.			
Soft Coal Roads—			
Baltimore & Ohio....	$27,887	$5,082	$23,735
Chesapeake & Ohio...	13,905	7,463	14,410
Norfolk & Western....	20,674	10,367	18,624
Chicago & E. Illinois..	2,946	455	2,721
Phila. & Reading.....	15,930	3,083	14,328
Total............	$81,342	$26,450	$73,818
Present outlook: Excellent.			
Southwestern Roads—			
Chi., Rock Island & P..	$15,840	$8,218	$13,934
Missouri Pacific......	14,206	4,402	8,247
St. Louis Southwestern	3,910	4,585	6,945
St. Louis-S. Francisco.	13,570	14,809	15,747
M., K. & T. R. R......	6,656	4,531	9,204
Total............	$54,182	$36,545	$54,077
Present outlook: Good.			
Northwestern Roads—			
Great Northern......	$28,686	$12,459	$17,276
Northern Pacific......	30,089	18,422	19,450
Chi., Mil. & St. Paul..	27,945	3,134	13,284
Chicago Northwestern..	23,201	12,678	17,036
Minn., St. P. & S. S. M.	10,580	5,003	7,178
Total............	$120,501	$51,696	$74,224
Present outlook: Fair.			

	Government Guarantee Average, 1918-1919	Net Operating Income, 1919	Net Operating Income, 1922
	←	Thousands	→
Southern Roads—			
Southern Railway.....	$18,653	$13,254	$24,494
Atlantic Coast........	10,180	7,144	14,416
Louisville & Nashville..	17,452	11,791	17,637
Illinois Central.......	17,089	4,191	26,752
Seaboard Air Line....	6,920	1,852	4,230
Total............	$70,294	$38,232	$87,529
Present outlook: Excellent.			
Eastern Roads—			
N. Y. Central........	$84,006	$85,027	$90,808
Pennsylvania R. R.....	66,650	21,477	79,263
Total............	$150,656	$106,504	$170,071
Present outlook: Excellent.			
Transcontinental—			
Southern Pacific......	$48,208	$41,774	$46,299
Union Pacific........	38,892	46,682	34,892
Atchison, T. & S. F. Ry	43,750	42,691	39,937
Total............	$130,850	$131,147	$121,128
Present outlook: Good.			
Middle Western Roads—			
Chicago & Alton.....	$3,178	$230	$1,532
Tol., St. L. & Western.	994	745	1,772
Minn. & St. Louis....	2,706	327	883
Total............	$6,878	$1,302	$4,187
Present outlook: Fair.			
Great Lake Region Roads—			
Pere Marquette.......	$3,725	$6,680	$6,080
N. Y., Chi. & St. Louis	2,639	4,049	6,601
Total............	$6,364	$10,729	$12,681
Present outlook: Good.			
Grand total.......	$680,969	$422,053	$613,432

The above statistical review pictures the situation in the railroad world today.

Explaining the caption-heads over each column, it may be said that "Government Guarantee" represents the amount deemed a "fair return" for the railroads by the United States Government, being based on the results attained by the roads in the years 1915-1917, inclusive. "Net Operating Income in 1919" shows the actual amounts the various roads were able to earn in 1919, which was the second year of Government control. "Net Operating Income, 1922," shows the actual amount the roads were able to earn in the second year following their return to private management.

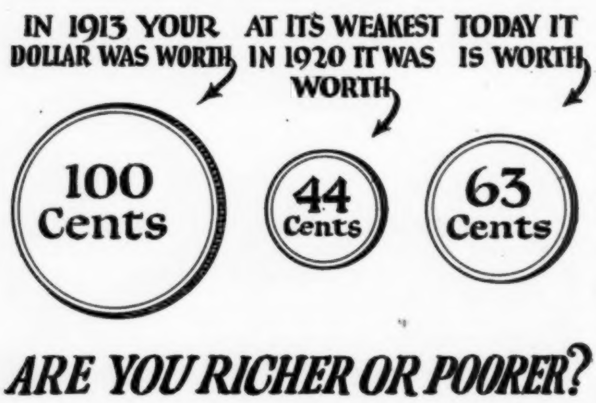
The figures afford a basis for comparison, not only between earnings under Government control and earnings after the roads had been released, but also between recent earnings and those secured prior to America's entry into the war.

The position and outlook of each group, all factors considered, are summed up in the expressions, "Excellent," "Good," "Fair," "Poor" or "Bad."

Exploding Some Pet Economic Fallacies

Are High Living Costs a Barrier to Prosperity?

By E. D. KING



If you have been drawing a salary of $100 a week since 1913 and neither more nor less, this is what you have been really earning per week:

1913	$100
1917	56
1919	48
1920	44
1921	68
1922	67
Present	63

Perhaps you have been beguiling yourself into believing that you have been actually earning $100 a week but—you weren't. You were undoubtedly earning something whose face value was $100 a week but—as you found out during the war years—you were able to buy less and less with the dollars you earned. It was not until 1921, when the big depression set in, that your dollar started to become more valuable.

In the past few months, however, your dollar has become less valuable, so that today it is worth only 63 cents.

Thus, what has happened to you, Mr. Hundred-a-Week-Man is that your salary, while nominally expressed at $100 a week, is really only $63 a week. Practically speaking, you are no better off than the man who earned $63 a week, way back in 1913.

Some Comparisons

In 1913, if you did not indeed own your own home, you could rent a nice one for $50 a month. Today, you would be paying from $100 to $125 for the same establishment. Your shoes which now cost you $12 and up a pair, you used to buy for $7. In 1913, you could buy a presentable suit for about $40. It costs you over $60 for the same suit today. When in the olden days you took your family to the seashore or mountains for a month's vacation, you found that you could manage without dipping into your bank acount. Today the same thing makes your bank account look like a child's affair.

Furthermore, there are some things you don't want to get along without today, things that you did not bother about before the war. For example, there is your car—even if it is a flivver. The cost of running your car per year consumes more than you can make in two months.

But what's the use of going further? Every man—certainly every family man—knows that his dollar isn't worth as much as it used to be worth. Every family man knows that it isn't as easy nowadays to put something away for a rainy day as it used to be, that he is lucky if he can get through the thousand and one bills that he has to meet during the year, without running into debt.

Other Folks More Fortunate

Now, at the same time that the moderately salaried man has been finding it more and more difficult to make both ends —and in this class may be put all people whose income, whether derived from salaries or securities—have been stationary—other people have not been at all affected by the decline in the buying power of the dollar, for the simple reason that their income has gone up more than the dollar's buying power has declined, and in a great many instances much more.

Take, for example, labor. The average working man today is earning from two to three times what he earned in the days preceding the war. Prices have gone up, of course, but they have not gone up in proportion to his increase in wages.

Business men, of course, who have been in a position to raise prices, have made their earning power flexible and, on the whole, have not suffered from the increase in the cost of living. Even salaried people, in many cases, have had their income

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John Hays Hammond Appeals for National Thinking Along National Lines

As Brought Out in an Interview with Theodore M. Knappen

JOHN HAYS HAMMOND is a rich man who is a public asset. He attained affluence before his mental processes "set"—if it can be said that the liberal mind ever does so—and so he is not convinced that this is the best possible world, that the United States cannot be improved, that every man who has a fortune is prima facie a worthy citizen and a perfected economist, that the economic system has attained perfection. On the contrary, Mr. Hammond thinks that we have a long way to travel and he is in favor of motion as against stagnation, but does not belong to the class of calamity howlers.

As chairman of the Coal Commission he is now dealing with a huge national problem that appears to have grown beyond the capacity of private management to solve. Like so many other problems of the day it requires national rather than industrial group thought for its proper solution, and presents in acute form the puzzle of how to reconcile individualism and a degree of public intervention. Of course, I did not ask Mr. Hammond to talk about a subject that is *sub judice*, but rather to sketch the general topic of rationally applying knowledge for the advancement of the general good, especially with regard to the natural resources phase of national economy.

"When you reflect," said Mr. Hammond, "that the United States owes its industrial greatness and its wealth very largely to the fact that it was in possession at the beginning of the modern industrial era of the virgin resources of the most favored region of the world, you cannot but conjecture what the future is to be. We had and still have vast forest regions that easily and cheaply met the task of housing a rapidly growing population. We have great open agricultural plains and prairies, enormous mineral wealth and a varied and salubrious climate. Our natural wealth was formerly so vast in proportion to our then sparse population that the manner in which it was owned, controlled and utilized was of little concern to us.

The main thing was to convert this superabundant potential wealth into kinetic wealth. We were in no position to plan and administer in a nationally provident way, and unrestrained private initiative served the needs of the nation better than any possible form of governmental planning or regulation could have done. But the situation is changing. The inexhaustible is being exhausted. Conservation is succeeding exploitation, that is, selfish utilization, as the problem of the times. **We are past masters in using resources, but are kindergarteners in conservation.**

"The national forester tells us that at the present rate of consumption and destruction our commercial timber will be exhausted within thirty to forty years. Of course, the present rate will not continue, but for practical purposes, in general, forest exhaustion will be approximated in another generation unless comprehensive forestry policies are inaugurated at once and conscientiously administered.

"Already the heavy cost of transporting lumber the long distances from the remote remaining forests to the consuming

JOHN HAYS HAMMOND

"We need a national department of public works, not only to build and to administer, but to do some national thinking on the great engineering and conservation tasks that must be accomplished if we are to keep up the pace of progress we have set in the past!"

MR. HAMMOND'S CAREER

Mr. Hammond has crowded into his lifetime multifarious activities in the field of scientific research all over the world.

In the 80's, he was in the gold fields of California. Later, his pursuits carried him into Mexico. In '93, he was associated with Cecil Rhodes, taking a prominent part in Mr. Rhodes' activities in the discovery and development of the resources of South Africa.

Mr. Hammond has been a leading spirit in the promotion and development of many of the greatest mining properties in the United States. In addition, his name appears on the executive boards of several of our most prominent petroleum companies.

He has been a dominant factor in American public life for years, and his wide-flung interests are spread all over this continent and, in large measure, abroad.

It would be difficult to find an individual better qualified to discuss America's natural resources from the National point of view.

centers has given us the first taste—and a bitter one, too—of a timber famine. Housing is much more expensive than formerly, and with the passing of cheap lumber, it will be difficult to maintain the living standards of the past. There is room for substitution, but the cramped life of the people in all the countries that are without access to abundant supplies of wood warns us of the need of taking thought regarding this natural resource.

"According to some authorities, the end of our domestic petroleum supplies is in sight, just when we are full speed ahead in the oil age. It would seem that we ought to be making every possible effort to conserve the remainder of our petroleum deposits, but the tapping of the subterranean reservoirs goes on at an unprecedented rate, and more and more we turn from abundant coal to limited oil. At the same time, we are exercising little prevision regarding the control of foreign oil fields. The British boast that, owing to their concentration on ownership of oil, while we concentrate on its use, a few years more will make us supplicants for one of the world's most important natural resources.

"The way we are going now, the greatest and best of our iron-ore deposits will be gone in another generation. Unless we find suitable substitutes for iron and steel our children will find life harder for the lack of this metal of universal use.

"They tell us that we have an abundance of bituminous coal for five or six thousand years, but in terms of a nation's life the end of anthracite is in sight, and certain classes of bituminous coal in the most favored locations are beginning to dwindle.

"We are not favored by nature with important deposits of nitrates and potash salts, and our progressively impoverishing soils now clamor for immense quantities of these fertilizers, the prices of which are determined at foreign sources, not only for the current demands of economic vegetation, but to make up for the reckless depletion of past years.

"Our water resources are intact—except as stream flow has become erratic with the progress of deforestation and agriculture—and will remain so, except as climatic changes may affect them. This is a truly inexhaustible resource, but we make little or no use of it for internal transportation, aside from the Great Lakes, and we prefer to consume irreplaceable oil for power purposes rather than the endless energy circuits of water from the ocean to the clouds and back.

"We need a national department of public works, not only to build and administer public works, but to do some national thinking on the great conservation and engineering tasks that must be accomplished if we are to keep the pace of progress we have set in the past. Our railways are at last beginning to receive national thought instead of national persecution, and the present study of projected consolidations into complete unified systems is a fine example of what I mean by national thinking.

Natural Resources as a Common Store

"It seems to me that circumstances will eventually force us to look upon natural resources as a sort of common store to be drawn upon prudently. The need of husbanding them may necessitate some regulation and perhaps some supersession of private ownership. Since the war there has even been much talk of making a sort of world pool of natural resources. We are not ready for that yet, and will not be so long as nationalism is as strong as is it today. By and large, no other nation is so well endowed by nature, as we are, and until the lion and the lamb lie down together in peace we shall be wise to keep the advantage that has been given to us.

"I don't profess to know how careful national housekeeping is to be brought about. Nobody seems to know. The socialists formerly knew just how it was to be done, but since they have come into power in Russia, Germany and the new nations of Europe, their knowledge has departed from them, and they have not been able to improve on what they found. The state invariably fails when it comes to economic administration of any sort. State ownership is probably inevitable in some directions, but state operation is impossible. As a broad statement, it is as true now as it always has been that private administration of production and the instrumentalities of commerce for profit serves the general good better than public administration. This will continue to be so until the generality of men esteem other rewards of service higher than material compensation.

"Even the degree of state ownership that may be inevitable will only be the choice of the lesser evil so long as the state organization is constituted as at present. **We get politics into business but can't seem to get business into politics.** They don't mix the right way, but they need to. It is my hope that the inevitable intertwining of business and government in a business age will compel business men to become politicians in the broader sense—in the sense of politics as the science of government. If that comes about we shall have constructive thinking and doing in public affairs. Business men are accustomed to face facts and deal with them, whereas the politician in his separate compartment, deals with emotions, prejudices and delusions. **We need the business approach in international politics as much as in domestic.** We need to use our reason more and our feelings less.

"I believe that by taking thought we can make this a far better world than it has ever been. I believe that we can give America a greater volume and a more general diffusion of prosperity than it has dreamed of. I believe that our capacity to produce goods can be expanded much more rapidly than our population increases. Very few persons have all the goods they could use to advantage; that is to say that potential demand vastly exceeds present supply.

Our Economic Machinery Still Crude

"Production is the source of both demand and supply. The more we produce,

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A WARNING TO YOU, MR. CITIZEN!

At the present rate of consumption, according to authorities cited by Mr. Hammond:—

Our Commercial Timber will be exhausted in thirty to forty years—

Our Domestic Petroleum Supplies are diminishing so rapidly, the end of them is even now in sight—

Our Iron Ore Deposits—the greatest and best of them—will be gone in another generation—

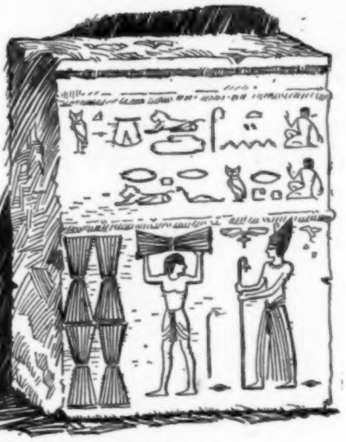
In terms of a nation's life, the end of our **Anthracite** is now in sight, and certain classes of our **Bituminous Coal** are beginning to dwindle.

We are not favored by nature with important deposits of **Nitrates** and **Potash Salts,** yet our progressively impoverishing soils now clamor for immense quantities of fertilizer.

Speculation Through the Ages

Origin of the "Gyp" in "Egypt"—Roamin' With the Romans—Curbing the Curb Brokers

By MAX GOLDSTEIN



1. *Egypt, XXVIIIth Dynasty*

From Menef-es-Barkh, servant of the Lord, of the wheat mart of Thebes, to Anet-Ipht, Keeper of the King's Walking Stick.

Life! Prosperity! Health! Thy unworthy servant kisses the bunion on the big toe of thy right foot, and craves that your Highness spare his life for intruding into the Presence with talk of trading matters. Know then that the Minister of the Granaries of the King, the Hebrew Yussuf-ibn-Yaqûb, hath prophesied saying that the kingdoms of Upper and Lower Egypt would be stricken with the pestilence of seven lean years, and thereafter would wax fat with the blessing of seven fat years. Let us therefore sell divers papers purporting to be contracts for the sale of wheat, when that the wheat is scarce and most dear, during the seven lean years, and let us *cover* our obligations when it cometh to pass that the wheat is both abundant and cheap, in the seven fat years, in the marts of Thebes and of Luxor and of Memphis and of Karnack. And for that we shall have sold dear and bought cheap, we shall harvest great harvest of wealth, of the coined gold of the Ethiopians and ivory tusks and slaves, and great shall be our name in the land.

Thy humble servant kneels to kiss the hem of thy robe.

* * *

2. *Rome,* 130 *A.D.*

From Gaius Valerius Minucius, money-changer of the Appian Way, to Marcus Flaminius Hesperus, Paymaster of the troops of Eastern Dacia.

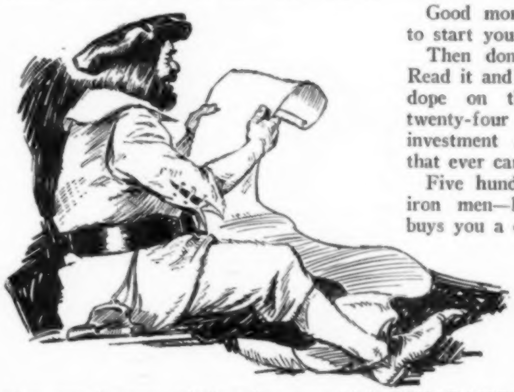
That which to some adversity is, to others of the greatest prosperity the fruitful source can be. Here, namely, in the city of Rome, of lack of minted coin from all quarters at all time there is much complaining, while you to the authorities reported have much superfluous wealth on hand to have which for the soldiers' needs more than sufficient is. Were it not well, therefore, these things being so, moneys from the to the of the soldiers' needs allotted treasury to me forth to send, that I them to the of great estates owners who of money in dire need are for short times at high interest may lend, that the principal amount to you in time for the of the soldiers' payment again paid be can, while that which whatever of money remains between us divided be?

* * *

3. *England,* 13*th Century A.D.*

From Giles Goodfellow, corn engrosser of Lychfield-on-the-Switch, to Robin Broadfoot (yclept Skin-the-Flint), corn engrosser of Oldcastle-in-the-Mire.

Manie and goodlie greatings, Robin! Sithen thou mayst not have hered telle afore this time, ther is great talke in the contree that the corne hath been cursed



of a wandersome gipsie tribe the which hath been grievously hurt with sticken and with stoon by the goud folke of Lychfield. And manie doe feare that forasmuch as the croppes will be but scantie in the year to-come, ther wil be moult heye price to be paide for the corne. Do then you and I engrosse alle the corne in the contree to be hadde, that whenas the prices doe rise wee maye will selle the corne agayne and make greate profytte thereoutof.

* * *

4. *France,* 1750

From le Sieur Charles-Henry-Anne-Marie-Victor-Frédéric de la Branche de la Manche, gentle-man of Britanny, to André Fourier, burgher, of Paris.

Sirrah! What is this I hear concerning the plans of one Johan Law, a heretic and an Englishman, to found colonies in the Mississippi domain? Have I not told you a million times, stock-broking dog, to let me know at once—AT ONCE, I say—when such rare and unexampled opportunities come to light in your filthy dens of offices? I commission you immediately to borrow a hundred thousand francs from the money-lenders and buy as many shares as you can in this heretic's enterprise. Woe be unto you if you pay more than twenty livres of interest on the hundred!

* * *

5. *New York City,* 1923

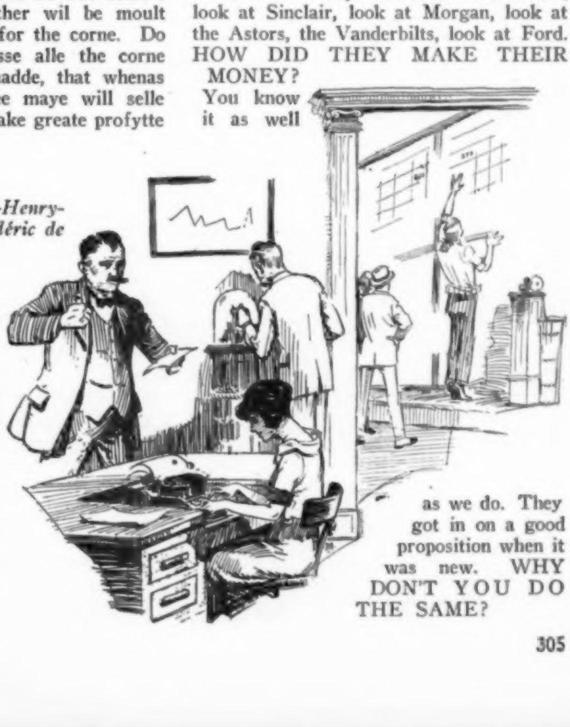
From John C. Witherbee, of Witherbee & Jones, "investment bankers," to Herbert D. Smythe, citizen.

Good morning, MAN! Do you want to start your morning RIGHT?

Then don't throw this circular away. Read it and get the real, low-down inside dope on the snappiest little sure-fire twenty-four karat copper-riveted fireproof investment AND speculative proposition that ever came up the pike. LISTEN!

Five hundred dollars—five centuries of iron men—half a thousand simoleons—buys you a one-third interest in an option on a lease on a quarter-acre of land not more than ten miles away from the gusher that Standard Oil brought in in Whoope County, Ark., three years ago.

WE POSITIVELY GUARANTEE that at the end of six months your one-third interest will be worth ten times what it is today. GET THAT? That's how all the big boys made their money. Look at Rockefeller, look at Sinclair, look at Morgan, look at the Astors, the Vanderbilts, look at Ford. HOW DID THEY MAKE THEIR MONEY? You know it as well as we do. They got in on a good proposition when it was new. WHY DON'T YOU DO THE SAME?



A feature of this article is its revelations of the intimate facts in the history of the famous Boston & Montana Development Company

Worthless Securities Do Not Always Represent Fake Companies!

Which Is Why Two-Fold Caution Must Be Exercised in Buying Promotional Stocks

By W. SHERIDAN KANE

PROMOTERS are not necessarily swindlers. Nor are all worthless stocks to be classed as fake stocks.

Of course, the man who loses money in a promotion is not particularly interested in the distinction.

But it is at least of general interest to consider how the country has derived benefit—even if disproportionate—from promotions that yielded the stockholders nothing but disappointment.

Among the many promoters who have been indicted recently there have been several who do not easily fall within the category of swindling promoters; or, if it should be found that the Government is justified in stamping them as swindlers, it may yet develop that the promotions in themselves were not altogether without merit, even though the legitimate fruits of the enterprise will not be gathered by those who bought the securities distributed by these more or less worthy gentlemen.

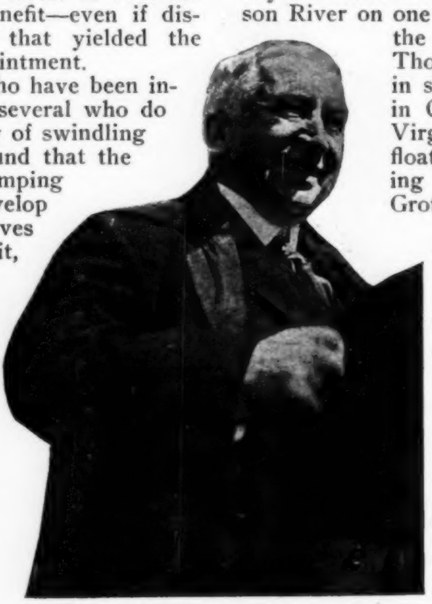
A Montana Episode in Finance

Out in Montana there is a forty-mile railroad connecting with the Oregon Short Line at Divide. This forty-mile narrow-gauge road opens up a fertile valley and undoubtedly has added greatly to the value of the territory it traverses. Settlers have been drawn into the valleys, towns have sprung up along the line, lumbering and other industries are coming into being, and a one-time mountain fastness has taken its place among the wealth-producing sections of the country. In the past eight or ten years, several thousand men have had direct employment on this railroad or on the mining property it was constructed to serve. Men have worked in factories in various parts of the country fashioning machinery, building or repairing railroad cars and locomotives and other equipment in order that this project might be put through.

But a Boston Grand Jury now says that the promoter of this enterprise has been guilty of conspiracy to defraud the stockholders.

It may be he is all that the Grand Jury in its indictment of him says he is. It may be that he is entirely innocent of intent or act of defrauding. The courts will have to determine.

Every year for a number of years many thousands of vacationists and business men have journeyed between New York and Albany on the Hudson River on one or another of the boats that make the trip between twilight and dawn. Thousands of men have been employed in shipyards at Groton and at Noank in Connecticut, and in Alexandria in Virginia. The largest ships that ever floated on the Great Lakes, exceeding 17,000 tons each, were built at Groton. As shipyards they were probably among the best on the Atlantic Coast.



CHARLES W. MORSE

A remarkable bundle of energy, who actually succeeded in interesting men of the calibre of George W. Loft, candy magnate and John McLean, millionaire publisher, in some of his enterprises and built up a great industrial unit, operating costly equipment of the highest grade

But the Government says that the man who conceived and developed these enterprises is a swindling promoter, has indicted him on charges of defrauding investors, and accuses him also of defrauding or attempting to defraud the Government.

It may be he is all that the Government in its indictment of him says he is. It may be that he is entirely innocent of intent or act of defrauding. The courts will have to determine.

In the meantime, stockholders who paid anywhere from thirty cents to one dollar and more for shares in the Boston and Montana project of former Lieutenant Governor of Montana, W. R. Allen, and stockholders who paid from one to eight dollars for shares in the United States Steamship project of Charles W. Morse are lamenting the loss of their funds, and are denouncing all promoters as swindlers, thieves, liars, crooks and hypocrites.

As a Counterfeit Proposition

Not for anything would I be understood as offering any apology for promotions of this sort. I believe that the man who puts his money into such projects is almost as foolish as the man who buys fake stocks. The vendor of fraudulent securities

WILLIAM R. ALLEN

"Tall, slender, hawk-faced, high-strung, of the old school political type, William R. Allen, a former State Senator of Montana, came east ten or fifteen years ago to interest moneyed people in his Boston & Montana property."

Out of "Governor" Allen's Boston & Montana project there developed a great industrial center, giving employment to thousands in connection with miscellaneous enterprises.

Despite the extent of the operations which the Boston & Montana project inspired, however, the company's own shares now appear to be practically worthless.

may be compared with the man who sells one hundred dollars in counterfeit money for ten dollars in real money, while the seller of securities such as those we are considering may be considered as in the same class as the man who sells—if it could be done—genuine dimes for one dollar each. In each case the buyer is the victim. In each case the seller's profits are illegitimate. The mere fact that the promoter may have convinced himself that his genuine dimes are really worth one dollar does not make them so, and the purchaser is just as much a loser as if the project were conceived in iniquity and carried through with deliberate intent to deceive and defraud.

The point is simply that all worthless securities are not put out with wicked intent, and, therefore, it behooves the buyer to exercise every precaution. Just because **caveat emptor** does not govern in security purchases is no reason for disregarding its injunction: Let the buyer beware.

There is another difference between the promotion of the out-and-out fake type and those that contribute in some way to the development of the country or of some particular industry without in any way enriching the stockholders in the original enterprise. The swindling promoter seldom comes into direct contact with his dupes, and relies on specious promises of wonderful profits. He usually submerges himself and juggles the names of men prominent in the world of finance, but in no wise connected with the fraudulent enterprise. On the other hand, the personality of the promoter of these other enterprises enters largely into the initial success of the projects he fathers.

Take Charles W. Morse as one instance: Short, almost squat, a cripple from birth, he is nevertheless a dominating personality—I don't mean merely a domineering person—and he has the faculty of getting nimbly to his feet after every knockdown. Released from Atlanta penitentiary, he recovered his health in an amazingly short time, returned to the shipbuilding game, succeeded in inducing such men as John R. McLean, former Senator Elkins, George W. Loft, and R. Lancaster Williams to become members of his board of directors, and when the first rivet was ready to be driven into the keel of the first steel boat built by him for the Government, Woodrow Wilson, President of the United States, acted as the official riveter.

Harking Back a Few Years

Harking back ten or fifteen years I recall when William R. Allen, a former State Senator of Montana and a sort of courtesy Lieutenant Governor—having served temporarily in that capacity—came East for the purpose of interesting moneyed people in his Boston and Montana property. Tall, slender, hawk-faced, high-strung, of the old-school political-statesman type, a man who talked in periods but seldom reached one, he had no difficulty in drawing about him a group of men of means who financed his immediate requirements.

Governor Allen—as he is generally known—was born on the property fifty-five or sixty years ago when it consisted of a great number of small claims, each worked usually by a couple of old-time mining "pardners." Allen has always insisted the mountian on which the properties are located would prove another Butte Hill and he was fond of drawing striking geological and superficial parallels between the Boston and Montana and Butte which is less than fifty miles away. For many years he had been engaged in getting together the different claims. Having effected this consolidation he believed it would be only necessary to put in a good wagon

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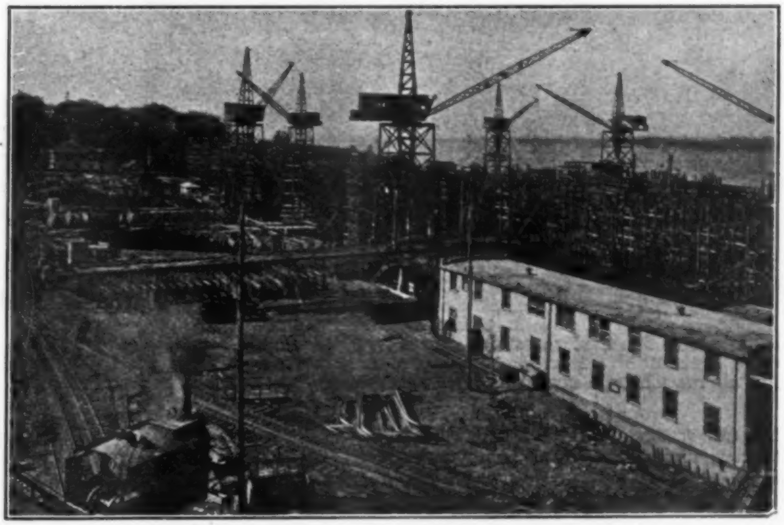


WHEN U. S. STEAMSHIP'S AFFAIRS WERE BOOMING

A view of the six shipways of the Groton Iron Works, subsidiary of the U. S. Steamship Co., during the war, reflecting the great property investment and the industrial importance of the shipping enterprises backed by C. W. Morse. Despite the magnitude of the organization and the large volume of business handled by it, stockholders who paid from $1 to $8 per share for U. S. Steamship stock are now wondering if they will ever get their money back

Foreign Trade and Securities

Asia's Growing Industrial Independence

The Trend Towards Industrialization in Asia—How It Affects the Foreign Trade of Great Britain and the United States

By GREGORY P. MARSTON

A LANCASHIRE cotton-goods manufacturer, whom we shall call William Smith, of Smith and Sons, Ltd., has been building up a steady export trade with India. His father started the business on a small scale, with ten employees; William Smith continued its growth, and until recently had nearly two hundred men working for him, all told. "Until recently," however, is the main point—for in the last two or three years he has found his business slipping away from him, firm by firm.

Unsatisfied with the politely-worded messages of his Hindu customers, he has made a personal trip to India. He finds the native population using cotton cloth made in Hindu mills by Hindu labor out of Hindu cotton, in preference to paying English dividends and English wages and American-priced cotton. When he goes back home he puts his mills on half-time, and buys half as much American cotton.

An American, Joseph T. Perkins, let us say, has put his lifework into building up a structural steel trade with the Far East. He has sold steel for bridges to Japan, for canal works in China, for factory buildings in India. Now he finds his bids coming back rejected, one after the other. Always some Japanese or Indian firm has "beaten him to it," with lower prices, lower transportation costs, and higher profits. Now he is thinking seriously of beginning in business all over again as a junk peddler.

THREE GUESSES
As to where this modern steel works is located. Pennsylvania, you say? Colorado, Alabama? All wrong. The picture shows the Anshon Steel Works in Manchuria, China, a country which numbers of us are led to believe is a thousand years behind the times

Many Instances

These are not isolated instances. They could be multiplied by hundreds, if not by thousands, of cases where Americans and Englishmen have gone into the Far Eastern market, have built up a good-sized business, and now find it going to ruin because their former customers can now supply themselves.

For years and years the major Eastern countries, Japan, China and India, have been importing machinery, structural steel, putting up water-power developments, building factories, opening up their mineral resources, all with the aid of Americans and Europeans. Left to their own resources they would have been helpless. Occidental engineers and builders, Occidental methods of production and of doing business, and in many cases Occidental capital, have put the East into a position where from now on it will supply an increasingly large proportion of its requirements itself.

The East has looked upon the ways of Western capitalism and found them good. Once it has shaken off the sloth of ages, it has found in the new economic system the sources of a new energy that has transfigured the face of the once easy-going, tradition-bound, unbusinesslike East. Now it is in the kind of transition stage in which notoriously someone has to pay the piper, and those industries in Western countries which are the first to be affected have been hit hard.

As they lose ground in the Eastern trade, Western manufacturers have been turning to South America as a partial equivalent for the lost business. In South America, there are not the vast masses of native populations to deal with, nor the traditions of decayed civilizations, and natural resources, while plentiful, appear to be widely scattered, while iron and coal are relatively scarce. For these reasons the spread of modern industrialism appears to have been delayed, and South America remains largely a source of raw materials and a buyer of finished products, with very little signs of its producing finished products on its own account.

The Lancashire cotton manufacturer and the American structural steel maker feel, somehow, that in a sense they have been "done" by their own countrymen. The concerns that have been shipping the East productive equipment, have taught them how to use it, and have encouraged its further extension have profited mightily by it. In finding a new outlet for their products—electrical equipment, machine-shop tools, pumps, heavy machinery and the like—they have been able to ex-

pand their productive capacity, and thus bring down their costs of production and so increase their profits. The Eastern business, which could be relied on to expand steadily, has enabled them to equalize production between good and bad seasons of domestic business, and because there were few firms with the knowledge of conditions peculiar to the Eastern trade, with the capital and the energy and the vision necessary to its developments, these firms were in such a favored position that they could charge prices which left them lucrative margins of profit.

Competition from New Sources

But in the very act of helping the Eastern peoples to produce according to Western methods, they built up a formidable competition to their own countrymen who were exporting finished articles. The distances over which goods have to travel from Western countries (in which we shall include the United States) to the Far East are so great that any local industry starts off with a tremendous advantage because of its savings in this respect.

But in addition to this, it starts off with the further advantage of the most modern and most efficient equipment to be had anywhere in the world. Having no old machinery to scrap and charge off to earnings, and efficient new machinery to work with, the Eastern manufacturer is enabled to charge lower prices and so underbid his Western competitor. His payroll, for a larger number of more inefficient employes than his English rival, may be one-tenth as large. Being a native, he has the advantage of an intimate knowledge of local conditions, customs, habits, language, superstitions, and needs; and where a powerful nationalism sets in, as in India since the advent of Mahatma Gandhi or in Japan, it is all grist to his mill.

It is true, he has to pay more for his capital, having the Hobson's choice of paying the usurious rates of local money-lenders or the stringent terms of foreign manufacturers and bankers. But because

Some alarm is being expressed in exporting circles over the fact that Asiatic countries are manufacturing increasing quantities of many products which they formerly used to import from this country and England. In this article, the writer raises and answers the question whether our export trade is to suffer a permanent decline as a result of Asia's increasing trade independence, pointing out the role of newer countries in increasing the prosperity of older ones.

of his lower costs for labor, raw materials, ground rent, etc., he needs less capital to turn out an equivalent quantity of goods than his Western brother, and so capital costs per unit of output, which alone determine the effect of money conditions on competitive ability, may actually be less.

With all these conditions to favor the growth of industrialization in the East, it is no wonder that it has taken firm root, and is flourishing day by day to an extent that has caused consternation among those manufacturers doing business with the East who are subject to danger from local competition.

The circle of these is steadily widening. Only recently the steel-maker enjoyed a privileged position in the Eastern trade—the cotton-goods manufacturer might lose his business if Eastern manufacturers increased their output, but was he not selling the East the very materials which it needed to build factories with to oust the Western exporter? Yet today there are two factories in India alone which employ twenty thousand laborers, and are in position to supply nearly every kind of iron and steel in commercial use.

Today the electrical equipment industry, to take one example, appears to be in a similarly privileged condition in the Eastern trade. They have maintained their hold on it through the vicissitudes that have beset other exporters. Yet who knows if tomorrow may not see a Hindu Westinghouse or a Japanese General Electric arise to set up a serious competition in this hitherto impregnable field?

The East as Self-Sufficient

Looked at in this way, the situation seems to compel the asking of a certain question. Are we not supplying the sober, efficient, cheap, hard-working masses of the East with the forge on which they can make the weapons for the destruction of our own industrial supremacy? We have taught them to spin and weave cotton in factories of Western design; to weave their own jute and silk, to mine their own coal and make their own steel, and so, bit by bit, they have emancipated themselves from the tutelage of Western industry. Will not the time come when the East will produce out of its own resources all that we now send it, as well made and much cheaper, so that one of our greatest export markets will be lost to us?

The same question might well have been asked when the United States broke its political connections with Europe, and began to develop its own natural resources. One by one, as American industries developed, vast fields of industry that had hitherto been controlled by European exporters came into the hands of domestic manufacturers. American cotton goods and American iron and steel products replaced the output of the old-established English factories; year after year Europe sold us less and less.

Our imports from Europe had amounted to 47 millions in 1800. By 1840, after four decades of decline, they were down to 41 millions. Well might the English regret their lost colonies! Yet as this country grew it developed a consuming power equal to and finally greater than its productive power—the more effective America was as a competitor and rival, the better it became as a customer. Last year our imports from Europe amounted to 991

(*Please turn to page* 358)

THE BRAZILIAN EXPOSITION

Visited by Secretary of State Hughes and in other ways used as an opportunity by the United States to foster trade with South America, which it is hoped will overcome our losses in Asia and elsewhere

Bonds

Investors who are desirous of securing high-yield, and at the same time sound bonds, should read this article

Five Unusually Attractive Bonds

Practical Recommendations to Income Builders

By THOMAS B. PRATT

FOLLOWING declines in the bond market lasting over many months, there has been a gradual though modest recovery in the past few weeks. Not only have prices shown an upward tendency, but sentiment in the market has shifted materially. The principal cause of the advance has been easier money conditions. Dealers have found that there is a good volume of funds awaiting investment, and whereas a month ago they were loath to take on new commitments, at the present time they are beginning to accumulate bonds.

The general outlook for the bond market during the next two or three months appears satisfactory. There is a large amount of financing to be done in that period, particularly for foreign accounts. One of the most important loans to be offered is the American portion amounting to $25,000,000 of the $130,000,000 Austrian Loan. The mere announcement of this loan and the terms under which it is to be issued have had a good influence upon the bond market. One effect of the change in the conditions of the market is the demand for high-grade bonds that has developed from institutions, and to some extent from individual investors.

Offerings of new securities have been comparatively light recently, but it is well known that houses have a large number of issues under way and expect to bring them out in the next 30 to 60 days.

Just now there are a number of attractive opportunities in the bond market in which the investor may obtain good grade bonds at fairly attractive yields. While there is a possibility that any bond of this character may advance in price during the next 2 or 3 months, **they should at the same time be purchased by the investor solely with the viewpoint of security and yield.**

Such bonds have gone through declines ranging from 3 to 10 points, and now appear to be in an upward trend. A large number of such bonds may be purchased on a 5½ to a 6¾% basis. They are more or less seasoned issues, have a ready market, and for issues of their character give a very attractive yield at present prices.

In the table appearing on the next page is listed five issues of this character. This by no means is the limit of the number of issues coming under this classification, as the general list contains a large number of attractive bonds that may now be purchased on a satisfactory basis.

PACIFIC TEL. & TEL. REFUNDING 5s, 1952
Yield 5½%

The Pacific Telephone & Telegraph Company Refunding 5s of 1952, have shown less reaction during the period of decline in the bond market than any of the other bonds in the accompanying list. The recent high for this issue was in August of last year, when the bonds sold at 95. At the end of March of this year they sold at 88, and at this writing they are quoted at 91¾. This price gives a yield of 5.57 per cent.

The bonds are redeemable as a whole only from May 1st, 1932, to May 1st, 1942, at 107½ and interest; to May 1st, 1945, at 105 and interest, and thereafter at par.

This company is one of the prosperous subsidiaries of the American Telephone & Telegraph Company. The company operates the Bell system on the Pacific Coast. The majority of its preferred as well as all of its common stock is owned by the parent company. Dividends have never been paid on the common, but the company's earning power has grown consistently. In 1921, earnings on the common stock amounted to 6.67%, and last year to 6.28%. There is 18 millions of common stock outstanding and 57 millions preferred. The funded debt amounts to about 74 millions. Plant and equipment are carried at 157.5 millions.

Of the Refunding 5s there are 25 millions of bonds outstanding, subject to about 38 millions in prior liens. They are a direct obligation of the company and are secured by mortgage on all its real estate and other property now owned or hereafter acquired in the States of California, Oregon, Washington and Idaho, and also on all securities now owned or hereafter acquired, subject to the prior liens.

The earnings of this company have been exceptionally consistent; the bond interest has been earned by a good margin for many years. In 1922, bond interest was earned 1.82 times, and in each of the last 10 years this has been about the average number of times interest has been earned upon the funded debt.

For a high-grade utility bond, this issue appears to be exceptionally attractive at the present price. The yield is not as large as may be obtained in other types of securities, but **at the same time the investor by sacrificing yield to a slight extent makes up for it through stability of earnings.**

UNITED FUEL GAS FIRST "A" 6s, 1936
Yield 6½%

The United Fuel Gas Company is controlled by the Columbia Gas & Electric Company through ownership of 51 per cent of its capital stock. The company is engaged in the production, wholesaling and distribution of natural gas, oil and gasoline. It owns extensive pipe lines and distributing systems. Its many trunk lines have an aggregate length of over 500 miles, and the total length of all pipe lines is about 1,500 miles.

The First Mortgage Sinking Fund 6s, Series "A," due January 1st, 1936, are a direct obligation, and are secured by a first mortgage on all the property, rights, franchises, etc., now owned or hereafter acquired. The bonds carry a sinking fund equal to 1¼ cents per 1,000 cubic feet of gas produced and sold annually. These payments are to be applied to the purchase or redemption of the bonds at not over 105 and interest—this is the call price of the bonds—and the company has the privilege of delivering these bonds at par instead of cash to the sinking fund. Bonds acquired through these annual payments are held and cancelled by the trustee and stamped non-negotiable. There are outstanding $9,988,000 of these bonds, and there has been retired by the sinking fund $594,000. There is held in the treasury $4,657,000 of bonds.

Earnings of the company have been ex-

ceptionally good over a period of years. In 1921, earnings were somewhat smaller than usual, but interest was earned 2.92 times. The recent high was in January of this year when they sold at 98. They declined to 94¼ subsequently, and are now selling at 95. At the present price they provide a straight income of 6.32 per cent, and yield 6.57 per cent. **These bonds, owing to the earnings of the company, are entitled to a good rating, and at the present price give an attractive return.**

SINCLAIR PIPE LINE 5s, 1942
Yield 6⅛%

In October of 1921, Sinclair Pipe Line 5s of 1942 sold at 95. The low for the bonds was in March of this year when 83 was reached. At the present time they are selling at about 86¾, at which price they give a straight return of 5.76 per cent, and yield to maturity 6.17 per cent. For some time the bonds have been selling considerably out of line as compared with security value and earnings.

The company owns and operates a system of trunk and gathering lines in Texas, Kansas, Oklahoma, Missouri and Illinois, making connections with various refineries of the Sinclair Refining Company, including the one located at East Chicago, Illinois, and with the Whiting Refinery of the Standard Oil Company of Indiana. The fixed assets of the company are carried on the books at a depreciated value of $28,181,907, but the present reproductive value is said to be considerably in excess of this figure.

There are two particularly strong factors to these bonds. One is that half the common stock of the company is owned by the Standard Oil Company of Indiana, having been purchased by that company for over 16 millions cash. The bonds, therefore, have an equity of over 32 millions above their par value. The second factor is the earning power of pipe-line companies. The business of these companies is that of transportation and they are not affected to any great degree by fluctuations in the price of crude oil, as are producing companies. A study of the earnings of pipe-line companies discloses their stability in this respect. Even in 1921, a year of acute business depression, earnings of these companies held up mighty well and in many cases were higher than the previous five-year average.

This company is in an exceptionally strong financial condition and its earnings are running better than ever before in its history. The company earned $1,393,000 in 1919, $2,219,000 in 1920, $3,859,000 in 1921, and considerably over $4,000,000 in 1922.

The 20-year 5s of 1942 of this company are a direct obligation of the company, but are not secured by a mortgage. No mortgage or pledge of the assets of the company can be created without expressly granting equal security for these bonds. **The bonds are backed by high security value, and the earnings are such that they command a high rating. The fact that the Standard Oil Company of Indiana owns half of the company is also a factor of safety in the bonds.**

ST. LOUIS-SAN FRANCISCO PRIOR LIEN "B" 5s, 1950
Yield 6¼%

The St. Louis-San Francisco Prior Lien bonds, Series A, B, and C are practically a first mortgage on the entire system, with the exception of the Kansas City, Memphis & Birmingham Line underlying bonds amounting to only about $12,000,000. The total mileage by which the prior lien issues are secured is 3,923. Including the underlying bonds, the prior lien bonds are outstanding at the rate of only $35,000 a mile.

The Series "B" 5s of 1950 are redeemable at 105 and interest. There are about 25 millions of the bonds outstanding, and the total amount of all series outstanding is slightly over 132 millions. Following the bonds are the Cumulative Adjustment A 6s, outstanding in the amount of 40 millions, and the Income 6s outstanding in the amount of 35 millions.

Earnings this year are running remarkably well. During the first quarter of 1923, the balance available for interest was $4,209,000. After deducting fixed charges, adjustment interest and income interest, there was a surplus of $961,029. The fiscal year of the 'Frisco system ends June 30th. For the first nine months of this fiscal year the road earned not only its fixed charges but interest on both its Adjustment and Income bonds and had a balance available for stock of $772,000. Assuming that the road does as well during the balance of this calendar year as it did in the first quarter, the earnings for the common stock after allowing for all interest charges and preferred dividends would equal nearly $2 a share on the $50,000,000 of common stock outstanding. Last year the system earned less than 60 cents a share on its common stock, but in 1921, the earnings amounted to $5.50 a share.

These bonds are now selling on the New York Stock Exchange at about 83½, giving a straight income of 5.99% and a yield to maturity of 6.27 per cent. The recent high for the bonds was 91½ in September of last year. They sold down as low as 80 in March of this year. Considering the improved earning position of the road and the fact that during the past several years it has earned its interest by a substantial margin, these bonds are entitled to a very good rating. **They provide an attractive return at the present price, and, while they should not be bought in this market with the idea of a profit through appreciation in the market price, they may be held with a good degree of security and at the same time provide an attractive return.**

M. K. & T. PRIOR LIEN
5s of 1962
Yield 6½%

Missouri, Kansas & Texas Prior Lien 5s sold up to 89 in September of last year, the low was 76½ in May of this year. The present price is around 78¾, which gives a straight income of 6.38% and a yield to maturity of 6.54 per cent. These bonds are callable at 105.

This road has just been through a reorganization, and the Prior Lien 5s of 1962 are part of the new securities issued in that reorganization. There are three series of the bonds: the A 5s, outstanding in the amount of $52,900,000; the B 4s, outstanding in the amount of $27,200,000, and the C 6s, outstanding in the amount of $12,800,000. The bonds are a direct obligation of the company and are secured by a mortgage embracing all or substantially all the lines of railroad, branches and equipment, terminals and other property. The mileage of the reorganized system amounts to 3,143 miles. The bonds are outstanding at the rate of $29,607 per mile.

Following these prior lien mortgage bonds there is outstanding $57,500,000 Cumulative Adjustment 5s, the interest on which is paid if earned. The interest, however, is cumulative. The fixed charges of the new company amount to $4,917,000, and including interest on the Adjustment Bonds amount to $7,792,000. In 1921, the balance available for interest amounted to $12,739,000, and in all years prior to that the earnings were sufficient to take care of the present fixed charges from one to two times, with the exception of 1920. Last year the earnings available for interest amounted to $11,014,431.

"Katy" has been through as thorough a reorganization as 'Frisco went through several years ago. The new financial plan should prove as beneficial to Katy as Frisco's did to that road, **and these bonds should also show steady improvement in investment rating**

FIVE ATTRACTIVE BONDS

Company	Interest Rate	Maturity	Recent High		Low		Present Price	Income (%)	Yield (%)	Call Price
Pacific Tel. & Tel. Ref.	5	1952	96	8/21/22	88	3/29/23	91¾	5.44	5.57	*107½–1932
United Fuel Gas 1st A	6	1936	98	1/10/23	94¼	5/22/23	95	6.32	6.57	105
Sinclair Pipe Line	5	1942	95	10/14/21	83	3/27/23	86¾	5.76	6.17	103
St. Louis & S. F. Pr. Lien	5	1950	91½	9/15/22	80	3/27/23	83½	5.99	6.27	105
M., K. & T. Pr. Lien	5	1962	89	9/11/22	76½	5/1/23	78¾	6.38	6.54	105

* Callable as whole and at graduated scale of prices.

BOND BUYERS' GUIDE

HIGH GRADE
(For Income Only)

Non-Callable Bonds:	Denom.	Apx. Price	Apx. Yield	Int. earned % on entire funded debt
Canadian Northern Debenture 6½s, 1946	(a)	113	5.50	*
Delaware & Hudson 7s, 1930	(b)	107	5.75	1.95
Great Northern Genl. 7s, 1936	(a)	109	6.00	3.40
New York Central Rfd. and Imp. 5s, 2013	(c)	97	5.20	1.60
Western Union Telegraph Co. 6½s, 1936	(b)	109	5.60	8.40
New York Edison Co. 6½s, 1941	(b)	‡109	5.60	5.00
Bush Terminal Buildings 5s, 1960	(a)	90	5.70	1.71
Callable Bonds:				
Armour & Co. of Del. 1st 5½s, 1943	(c)	90½	6.40	5.00
Armour & Co. Real Estate 4½s, 1939	(a)	84¼	6.05	....
Canadian General Electric deb. 6s, 1942	(a)	101	5.90	4.40
Duquesne Light Co. 6s, 1941	(b)	103	5.75	3.40
Philadelphia Company 6s, 1944	(c)	100	6.00	3.50
Short-Term Bonds:				
B. & O. Prior Lien 3½, 1925	(b)	95	6.10	0.82
B. & O., Southwest Div. 1st mtg. 3½s, 1925	(b)	93¼	6.30	0.82
Seaboard & Roanoke 1st 5s, 1926	(a)	97¼	5.80	....
Southern Pacific conv. 4s, 1929	(a)	92	5.60	2.50
Union Pacific conv. 4s, 1927	(b)	95	5.40	2.25
Dominion of Canada Internal 5½s, 1927	(d)	101¼	5.30	
Bell Telephone Company of Canada 5s, 1925	(c)	99	6.25	2.87
Aluminum Company of America 7s, 1925	(a)	103½	5.50	....
Central Leather Co. 1st 5s, 1925	(c)	99	5.50	0.91
Sinclair Crude Oil Purchasing 5½s, 1925	(a)	98	6.30	....
Columbia Gas & Electric Co. 1st 5s, 1927	(a)	96¼	6.00	4.15

MIDDLE GRADE
(For Income and Profit)

Railroads:	Denom.	Apx. Price	Apx. Yield	Int. earned % on entire funded debt
Baltimore & Ohio 1st mtg. 4s, 1948	(b)	78½	5.60	0.82
Carolina, Clinchfield & Ohio 1st 5s, 1938	(c)	93	5.70	1.40
Chesapeake & Ohio conv. 5s, 1946	(b)	89¼	5.80	1.40
Cuba R. R. 1st 5s, 1952	(a)	86½	6.00	2.45
Chicago & Eastern Illinois Gen. 5s, 1951	(c)	80	6.60	2.20
Kansas City Southern Rfd. and Imp. 5s, 1950	(a)	86	[illegible]	2.00
Missouri, Kansas & Texas Prior Lien 5s, 1962	(c)	78	6.50	1.10
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931	(a)	104	5.85	2.00
Missouri Pacific 1st and Rfd. 6s, 1949	(b)	94¼	6.40	0.90
N. O. & N. E. Rfd. and Imp. 4½s, 1952	(a)	78½	6.10	2.72
St. L. & S. F. Prior Lien 4s, 1950	(a)	68	6.00	1.60
Western Pacific 1st 5s, 1946	(a)	80	6.70	2.67
Industrials:				
Anaconda Copper Mining Co. 1st 6s, 1953	(a)	97	6.25	2.25
Computing Tabulating & Recording 6s, 1941	(b)	97	6.25	5.50
Goodyear Tire & Rubber Co. 8s, 1941	(c)	117	7.10	3.50
B. F. Goodrich 1st 6½s, 1947	(b)	101	6.40	3.65
International Mercantile Marine 6s, 1941	(b)	84	7.60	4.00
Sinclair First Lien and Col. 7s, 1937	(c)	100	7.00	3.70
South Porto Rico 1st Mtg. and Col. 7s, 1941	(b)	101	6.93	5.50
U. S. Rubber 5s, 1947	(c)	88	6.08	2.35
Wilson & Co. 1st 6s, 1941	(a)	97	6.30	2.10
Public Utilities:				
American Works & Elect. Corp. Col. 5s, 1934	(c)	86	6.80	1.80
Dominion Power & Transmission 1st 5s, 1932	(a)	90	6.50	2.37
Denver Gas & Elec. 1st and Rfd. 5s, 1951	(a)	86	6.00	3.99
Havana Elec. Ry. Light & Power 5s, 1954	(a)	84¼	6.10	4.53
Northern States Power 5s, 1941	(b)	91	5.80	1.80
Pacific Gas & Elec. Genl. and Rfd. 5s, 1942	(a)	91	5.80	2.25
Public Service Corporation of N. J. 5s, 1959	(a)	84	6.10	1.78
Utah Power & Light 5s, 1944	(a)	89¼	5.90	1.80
United Fuel Gas 6s, 1936	(b)	95	6.60	7.10

SPECULATIVE
(For Income and Profit)

Railroads:	Denom.	Apx. Price	Apx. Yield	Int. earned % on entire funded debt
Chicago Great Western 1st 4s, 1959	(a)	50½	8.40	0.60
Erie Genl. Lien 4s, 1996	(a)	49¼	8.10	0.70
Chicago, Milwaukee & St. Paul conv. 5s, 2014	(c)	68	7.30	0.85
Iowa Central 1st Mtg. 5s, 1938	(a)	69	8.75	0.80
Missouri Pacific Genl. Mtg. 4s, 1975	(b)	57½	7.10	0.90
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967	(c)	53	9.60	....
St. Louis & San Francisco Adj. Mtg. 6s, 1955	(a)	74½	8.30	2.20
Rock Island, Ark. & Louisiana 1st 4½s, 1934	(b)	77	7.60	....
Southern Railway Genl. Mtg. 4s, 1956	(a)	65½	6.25	2.00
Western Maryland 1st Mtg. 4s, 1952	(a)	62¼	7.10	0.70
Industrials:				
American Writing Paper Co. 6s, 1939	(a)	71	9.60	1.90
Cuba Cane Sugar 7s, 1930	(c)	90	9.00	1.80
Chile Copper Co. 6s, 1932	(b)	100	6.00	8.80
Virginia-Carolina Chemical 7s, 1947	(c)	81	8.90	1.20
Public Utilities:				
Chicago Railways 1st 5s, 1927	(a)	79	12.50	1.08
Hudson & Manhattan Rfd. 5s, 1957	(c)	80½	6.45	1.80
Interboro Rapid Transit 5s, 1966	(a)	65¼	7.75	1.60
Third Avenue Railway Rfd. 4s, 1960	(b)	58	7.30	1.20
Virginia Railway & Power 5s, 1934	(a)	85	7.00	1.90

% This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Interest on this issue was fully covered.

* Principal and interest guaranteed by Dominion of Canada. † Callable in 1951. ‡ Callable in 1936.

(a) Lowest denom., $1,000. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50.

BOND MARKET STEADY

Austrian Offering a Feature

THE main interest in the bond market during the past two weeks has been the offering of $25,000,000 of the new Austrian Government loan to American investors. The books were closed immediately after the opening and the issue several times over-subscribed. The market action of the bonds after actual distribution among investors, will give a clear indication of the possibilities of future foreign Government financing in the American market. The bonds were offered on a slightly better than an 8% basis. In view of the fact that approximately 70% of the guaranty of the issue is by European governments whose own securities are selling to yield 8% and higher, it will be readily seen that the guaranty of these Governments is practically of no significance and future prices of the Austrian bonds will be based on their own investment merits.

Naturally other foreign bonds continued strong, influenced by the interest shown in the Austrian issue, but the unpleasant possibilities in connection with securities of the weak European countries were exemplified in the market action of the Serbian 8s. These bonds, which had advanced to above 78, owing to the better feeling towards European securities, suffered severely when the upheaval in Bulgaria, indicating the general instability of conditions in the Balkan countries, caused a break of over seven points.

Domestic Bonds Strong

The Government's offering of $150,000,000 short-term certificates on a 4% basis was indicative of the lower level of money rates. As a matter of fact, time money has been obtainable in some instances on a 4¾% basis. While high-grade securities continued to change hands at around the best prices recently reached, the greatest activity and strength was manifested in the more speculative railroad bonds. There was heavy buying at advancing prices of Erie, Chicago, Milwaukee & St. Paul, St. Louis & San Francisco, Missouri, Kansas & Texas and similar issues, encouraged not only by the outlook for continued favorable earnings, of the transportation companies, but realization of what the recent decision of the United States Supreme Court, referred to in our previous issue, portends for the junior securities of these roads.

Public utility bonds were quiet, but no weakness was manifested.

Industrial bonds, on the whole, were firm, although there were a few exceptions reflecting unfavorable developments in individual companies and industries. The Marland 8s, with warrants, sold down to around 120, following the break in the stock. These bonds have now declined 40 points from the year's high. There was further liquidation in the Virginia-Carolina Chemical Company issues, the 7s, which are a first mortgage on the company's properties, declining to around 81, yielding over 8¾%.

Money, Credit and Business

New Industries Established On Permanent Basis

Does It Always Pay to Invest in an Industry While It Is New?—How Freaks Become Luxuries, and Luxuries Become Necessities

By MERRILL T. JAMESON

WHEN the ultimate history of this age is written, it will probably be conceded that our greatest advance was in the field of technical inventions and improvements, and in the sciences auxiliary to them. We may have produced no poet like Homer, no historian like Thucydides, no philosopher like Plato, no statesman like Caesar, but in the technological field we reign supreme.

As is well known, this development is scarcely 150 years old. Applied science won its first great victories in agriculture, spread to textile machinery, steam-engines, machine-shop tools, locomotives, always going forward and never back, each new step an advance over the former ones.

New Inventions

In more recent times the emphasis has been shifted from devising better means of production, to devising new things to produce, which in turn become the starting-point of a new series of improvements and developments. Just as the first great bloom-period of the Mechanical Age was marked by such powerful engines of production as those named, so the second great efflorescence, dating from the middle of the 19th century, is marked by the appearance of the phonograph, the electric light, the telephone, and a host of other devices which serve individual comfort and convenience more directly than increased production.

Each new device, with few exceptions, has gone through a similar career. First laughed at as the crazy idea of a monomaniac inventor, the device realized the idea in practice, and then was regarded as a scientific toy, a freak of no commercial value. As its merits were realized and its use spread, it became a luxury for the adventurous rich. Later, production is increased and the article cheapened, it becomes first available, then necessary for great masses of the population, and finally it is so deeply ingrained into the structure of our civilization that it ceases to arouse curiosity or wonder and is simply taken for granted.

This has been the development from the viewpoint of the public. From the inventor's angle, it has meant first the realization of an abstract idea, then the problem of marketing, and finally production, at first slowly and for the most part by hand, then in machine-shops and factories of increasing size until finally it becomes the foundation of a great industry, involving millions of dollars and giving employment to thousands of workers.

Growth of Industrial Securities

The investor's share in this development has been more recent. Most stock markets have begun as market-places for bank stocks and Government bonds. By the first half of the nineteenth century, many railroad stocks had been added to the list, but it was only after the Civil War that the securities of industrial manufacturing companies began to assume any great prominence. One by one the big inventions and the industries which grew out of them passed the point where they could develop further out of their own resources. They were compelled to appeal to the investing public for funds to finance their rapid expansion through the issue of securities for which a broad market had to be provided.

THE great feature of our modern civilization has been the development of new industries, based to a large extent on new inventions and expansion of old ones. As these industries, one after the other, attain a certain degree of stability, they begin to appeal to the investor, but to do this they have to pass through the stages of invention, scientific curiosity, luxury and finally wide-spread popular consumption. This article traces the development in this direction of three industries which have been among the latest to be admitted to Wall Street finance—the moving pictures, the airplane, and the radio.

In this way, the appearance of an industry on the Stock Exchange is a criterion of its maturity. An industry must have past the "crazy inventor" stage, and the freak and luxury phases; it must have become an industry of wide-spread popular consumption before it needs so much money for further growth that private local facilities no longer suffice and the investing public has to be called on. On the other hand, investors will not put their money into an enterprise before its soundness or clearly evident possibilities have been demonstrated. This constitutes a double check on the maturity of the invention, and of the industry to which it has given birth.

One by one, in this way, the new industries were adopted by the investor. Securities of steel companies, electrical companies, agricultural machinery makers, talking-machine concerns, automobile firms, as their products won the favor of the public and their industries grew correspondingly, were taken up by investors and listed on the Stock Exchange.

The three newest of these industries have been the moving pictures, aeroplanes, and the radio, whose development and its effect on investors we shall briefly summarize in the following paragraphs.

MOVING PICTURES

The honor of making the first practicable motion-picture projecting machine is claimed by Thomas A. Edison, but it is known that around 1894-95 Lumiere of Paris, R. W. Paul of London and C. F. Jenkins, of Washington, D. C., all claimed to have reached satisfactory solutions of the problem. Be that as it may, the new invention early reached a high degree of popularity. The themes of the early pictures were crude and simple, express trains, automobiles in motion, grand ceremonies, and the like, which somewhat later were elaborated into tenuous plots. Expenses were low, exhibition prices correspondingly low, and the quick profits and the fact that the films were originally intended to supplement vaudeville programs attracted the showman rather than the industrial executive type to the business. Under these conditions, its appeal was what we should nowadays call "low-class," and once the novelty had worn off, the "movies" started to fall off in popularity. *(Please turn to next page)*

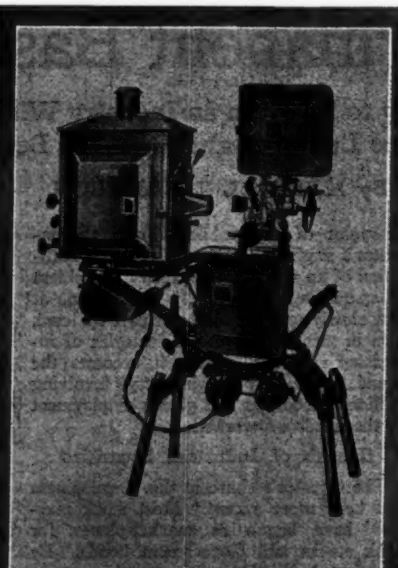
About 1910-1912 came the grand revival, when big feature films were first produced, an atmosphere of "art" given by the featuring of Sarah Bernhardt and Mrs. Fiske in early films, the Italian poet D'Annunzio engaged to write the scenario of "Cabiria," historical and educational elements added in big creations like "The Birth of a Nation," huge serials of the "Perils of Pauline" type produced, and the whole modern apparatus of publicity, advertising, serious discussion, etc., introduced. Prices were raised in specialized "movie" theaters to the level of those prevailing on the "legitimate" stage, ornate theaters were built, musical programs and orchestras installed, and after some experimentation the idea of trying to compete with the drama given up in favor of competition with the cheap melodrama, which the pictures have successfully displaced.

Hand in hand with these developments came the improvement of producing technique, better photography, "trick" camera stunts, and some progress in color, sound, and stereoscopic pictures. At the same time, the field of the industry branched out from simple amusement into educational work in schools and colleges, agricultural information imparted by the Government, religious films in churches, war films for use by the War Department, and many other fields.

At the same time, there was a growing improvement in the business methods of the industry. Excessive competition and consequent bidding-up to unreasonable figures of certain stars were eliminated, weaker companies forced to the wall, appropriate book-keeping methods insuring adequate control of expenditures devised, "vertical" combinations of producing, distributing and exhibiting interests constructed to give further stability, and proper financial backing secured.

Not until 1919-1920 was the industry ripe for Wall Street. Then Famous Players-Lasky was the first to enter the field, followed shortly by Goldwyn, and the Loew interests, which have considerable money invested in the moving picture end of the business as well as in vaudeville.

Owing to the bull period in which the Famous Players issue was floated, some investors bought in at prices which have not been subsequently maintained. By 1919, however, the company had established itself on a firm dividend basis, and weathered the storm of 1921 in enviable style. Goldwyn has not given so good an account of itself, while Loew's may be regarded as an attractive speculation pending the expected announcement of dividend initiation.



The modern highly-developed form of the motion-picture projector, in use from New York to Bangkok, Siam, and from Iceland to the Cape of Good Hope.

The goal of the radio amateur's efforts—the new broadcasting station at the top of Aeolian Hall, New York City, which transmits two complete radio programs simultaneously

The Government monoplane that went from New York to San Diego, Calif., without a stop, on a 400-H.P. engine

AIRPLANES

It would be fruitless in a brief sketch to trace the early history of aeronautics from the experiments of Egyptian priests with bladders filled with air through the exploits of the Montgolfiers and the development of captive and floating balloons and the first experiments of the Wrights and Prof. Langley with heavier-than-air machines. Aeronautics from the standpoint which interests us—the continuous controlled flight of heavier-than-air machines equipped with motors—came into being with a great spurt in 1908, the period of the Farman, Wright and Voisin flights. In this year for the first time a 'plane stayed up in the air for a full hour, and shortly after the first 100-mile flight was made.

From the first International Conference of Aero Clubs in 1909 progress was rapid. In that year Bleriot first crossed the English Channel in his monoplane, and numerous flying meeting and races were held. The following year Paulhan won the "Daily Mail" prize of £10,000 for flying from London to Manchester and the year after the first Paris-London flight was made. In 1911, interestingly enough, the first use of airplanes in warfare was made by an American named Hamilton in his flight over Ciudad Juarez during a Mexican raiding skirmish. By 1912, the British and French War Offices had begun to give official and active recognition to the new weapon, and in 1913 stunt flying, aerial acrobatics and the like laid the foundation for military aerial tactics. In the first few months of 1914 the emphasis was being laid on stability of flying and landing when the war broke out and revolutionized the progress of aviation.

During all this time, of course, new models were being constantly tried out, accepted, rejected, old ones discarded, the theoretical mathematical and experimental work was progressing at a furious rate, Government interest and aid was being enlisted, and private capital cautiously was beginning to consider aviation. It was not as yet ripe, however, for investment because the rapid progress of the early years necessitated the continuous scrapping of old equipment, the element of safety was not sufficiently high, and the public was

(Please turn to page 369)

THE TREND IN LEADING INDUSTRIES

	SUPPLY OF BASIC ELEMENTS				COST OF PRODUCTION				DEMAND			OUTPUT		PRICES		PROFITS
	Labor	Raw Materials	Fuel	Trans-portation	Labor	Materials	Fuel	Trans-portation	Unfilled Orders	Stocks on Hand	Ship-ments	Raw Products	Finished Products	Raw Products	Finished Products	Of Leading Companies
STEEL	Shortage gradually being overcome	Adequate	Supply increasing	Conditions improving	At high point	Lower prices	Falling	Stationary	Slowly falling	Increasing	Increasing	At high point	At high point	About to decline	About to decline	Good, but about to decline
COAL	Adequate	Adequate	—	Conditions improving	At high point	Stationary	—	Stationary	Slowly Increasing	Stationary	Increasing	Increasing	—	Falling	—	At low point
BUILDING	Shortage still stringent	Adequate	Adequate	Conditions improving	At high point	At high point	Falling	Stationary	Sharp decline	—	Increasing	—	Falling	—	At high point	Decreasing
OIL	Adequate	Adequate	—	Conditions improving	Stationary	At high point	—	Stationary	Large volume	Increasing	Increasing	Increasing	Increasing	Falling	Irregular	Decreasing
COPPER	Shortage in some districts	Adequate	Supply increasing	Conditions improving	Rising	At high point	Falling	Stationary	Downward reaction	Increasing	Increasing	Increasing	Increasing	Falling	Falling	No marked change
CHEMICALS	Adequate	Adequate	Supply increasing	Conditions improving	Stationary	Stationary	Falling	Stationary	Unchanged	Unchanged	Increasing	Unchanged	Unchanged	Unchanged	Unchanged	Fair
TEXTILES	Ample	Large crop outlook favorable	Supply increasing	Conditions improving	At high point	Falling	Falling	Stationary	Slowly falling	Increasing	Increasing	Increasing	Falling	Falling	Irregular	Fair, but will decrease
AUTOMOBILES	Ample	Adequate	Supply increasing	Conditions improving	At high point	At high point	Falling	Stationary	Slowly falling	Increasing	Increasing	—	Falling	—	Under-going general cuts	Good but will decrease
TIRES	Ample	Adequate	Supply increasing	Conditions improving	At high point	Falling	Falling	Stationary	Slowly falling	Increasing	Increasing	—	Falling	Falling	Unchanged	Good but will decrease
LEATHER	Ample	Adequate	Supply increasing	Conditions improving	Stationary	Stationary	Falling	Stationary	Unchanged	Increasing	Increasing	Unchanged	Falling	Lower prices likely	Unchanged	Fair
PAPER	Ample	Adequate	Supply increasing	Conditions improving	Rising	At high point	Falling	Stationary	Increasing	Falling	Increasing	Increasing	Increasing	Higher prices likely	Higher prices likely	May Increase
TOBACCO	Ample	Adequate	Supply increasing	Conditions improving	Stationary	Stationary	Falling	Stationary	Unchanged	Unchanged	Increasing	Unchanged	Increasing	Unchanged	Unchanged	Good

Railroads

Southern Railway Co.

Southern Railway Dividend Prospects

Cotton as a Barometer of the Road's Earnings

By JOHN M. KENNEDY

THE Southern Railway is the most comprehensive railroad system in the South. It operates about 7,000 miles of line running through practically all the states east of the Mississippi River. It has been built up as a consolidation of numerous roads independently constructed at various periods, and the present company grew out of the reorganization of these properties which took place in 1894.

Since that time it has always managed to maintain its solvency, but it is only recently that earning power has risen sufficiently to yield a substantial surplus over fixed charges. The rapid development of its territory, which has been especially noticeable in late years, has enabled it to increase its revenues so as to reduce the burden of its heavy funded debt.

Importance of Cotton

Mineral products constitute about 40% of its total freight traffic, the main item being bituminous coal which is required to supply the industries located along its lines. Forest products and manufactures are moved in large volume, while agricultural products represent only about 10% of its tonnage.

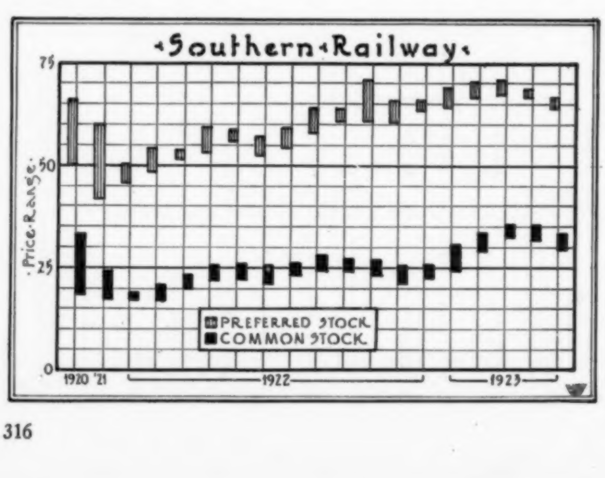
Cotton, the commodity with which the company's prosperity or adversity is commonly associated, amounts to little more than 2% of the aggregate. This figure by no means indicates its relative importance to the Southern for the financial condition of the cotton industry largely regulates that of the entire south. **Consequently, we find that the revenues of the company are more or less dependent upon the price which the cotton crop brings. Its direct value as a revenue producer is comparatively slight, but indirectly the cotton situation is the vital factor determining the Southern's earnings.**

In the years before the war, the Southern was able to operate at a ratio around 70%, but from the stockholders' standpoint its results were far from satisfactory. The explanation is to be found in the fact that gross revenues were disproportionately low compared with fixed charges. In 1913, by way of example, total operating revenues were 68.5 millions, while fixed charges were over 14 millions. A road cannot be expected to earn anything applicable to its stock when 20% of its total revenues are required for interest and rentals.

In late years, traffic has increased and rates have advanced, while fixed charges have risen only moderately. As a result, the capitalization is no longer as high in relation to earning power as formerly. Time has gradually remedied the effects of early financial abuses.

Current Situation

The year 1921 was very unfavorable for the southern roads in general. The severe depression which followed the collapse of cotton prices reduced the traffic far below the level of preceding years. The Southern carried only 70% of the amount of freight that it obtained in 1920. Operating expenses, on the other hand, remained high. In view of this precipitate falling off in business, unaccompanied by a similar reduction in the costs of handling it, the company only earned a small balance over fixed charges.



In 1922, the South entered upon a period of industrial revival. Although gross revenues showed no improvement over 1921, due to the lower rates in force, they represented a larger volume of traffic.

SOUTHERN RAILWAY
Earnings for Period Jan. 1—April 31.
(In Thousands)

	1923	1922	1921
Gross revenues...	$48,914	$39,766	$42,086
Balance after taxes	9,785	6,077	1,802
Net oper. income.	8,758	4,808	31

By reducing the operating ratio from 82% of gross to 76% net operating income was increased from 14 millions to 20.5 millions.

This recovery has proceeded at an accelerated pace in the present year. On the basis of results for the first quarter and allowing for seasonal fluctuations, earnings for 1923 should be about $11 per share on the common stock. This compares with $4.85 in 1922, and, needless to say, opens up the possibilities of dividend payments.

Dividend Prospects

At the close of last year Southern Railway preferred, entitled to 5% non-cumulative dividends, received a semi-annual disbursement of 2½%, which was the first since December, 1920. The dividend record on this issue has been irregular, and during the 29 years of the company's existence, its common stockholders have never received anything.

The advance in Southern Railway common to 37, as of early June, indicates that the financial community entertains optimistic views in regard to its being placed on a dividend basis in the not distant future. There is a strong sentiment that it may follow Pere Marquette's example, the latter having placed its junior issue on a 4% basis.

That earnings can be maintained for any length of time at the current rate, which is abnormally high, is hardly to be expected. The degree of industrial activity now prevailing cannot continue indefinitely and, as the business tide recedes, railroad revenues will follow the same course. Nevertheless, it appears that the Southern has reached the stage where it can support a dividend on its common stock, even in years when the South is not receiving the high prices for its cotton crop that now obtain. **On any substantial reaction from its present price of 37 it represents an attractive speculation.**

Carolina, Clinchfield & Ohio Rwy.

Two Attractive Bonds

For Income and Profit

By JOSEPH M. GOLDSMITH

THE Carolina, Clinchfield & Ohio Railway is of comparatively recent construction. Its completion dates back a little over a decade. Although operating only 291 miles of line it is of strategic importance to the south. It runs through the heart of the Clinchfield Coal District located in eastern Kentucky, western Virginia and northeastern Tennessee. It enables this coal to be transported by a direct route to the southeastern states which are largely dependent upon it for their fuel supply.

The company operates between Elkhorn City, Ky., and Spartanburg, S. C. It cuts through the ridges of the Alleghanies practically at right angles and because of the rugged character of the territory which it traverses construction costs were enormous. The excellent physical facilities and easy grades which it possesses equip it to handle a heavy traffic at low cost.

Proposed Lease

The Carolina, Clinchfield & Ohio, in which the financial world ordinarily shows little interest, has recently attracted considerable attention. It has come into temporary prominence due to its proposed lease to one of the large southern systems. In May it was officially stated that negotiations were under way to lease the road for a period of 999 years to the Louisville & Nashville, which is controlled by the Atlantic Coast Line. The terms of the lease were not divulged, but its prospective affiliation with a company of such strong credit standing as the Louisville & Nashville, has naturally had an important effect upon its securities.

To conclude the arrangement it will first be necessary to obtain the sanction of the Interstate Commerce Commission.

There will undoubtedly be the fiercest sort of opposition from the other roads which connect with the Clinchfield, against its being operated in the interest of the Atlantic Coast Line and Louisville & Nashville. The Southern Railway will have justifiable grounds upon which to base its antagonism to such a lease, for it has cultivated very close relations with the Clinchfield. In recent years, almost three-quarters of all coal turned over to connections has gone to the Southern. The Seaboard Air Line is also dependent upon it for the major portion of the fuel which it requires to operate its own trains and to supply the industries along its lines. The decision of the Commission will have a vital bearing upon all these carriers and will prove an exceedingly difficult problem to solve.

Large Capitalization

Because of the heavy construction costs the Carolina, Clinchfield & Ohio has never been able to earn a satisfactory return on its total investment. Its capitalization is $245,000 per mile, of which $117,000 consists of bonds and income debentures and $128,000 of stock. Semi-annual dividends of 3% were paid on the Preferred from March 1913 to September 1914 inclusive, but none since.

Its bond interest has been covered by a fairly safe margin in every year of the last decade. The average for the period 1912-1921 shows fixed charges earned about 1.5 times. In 1922 they were covered 1.6 times. During the early years revenues were small, but the fact that the entire property was new made unnecessary heavy expenditures for maintenance. In recent years large gross revenues have permitted liberal maintenance without decreasing the margin of safety on its bonds.

TOTAL OPERATING REVENUE

(In Thousands)

1912	$2,515	1918	$5,022
1913	2,805	1919	6,277
1914	2,358	1920	7,560
1915	2,515	1921	7,464
1916	3,276	1922	7,608
1917	4,285		

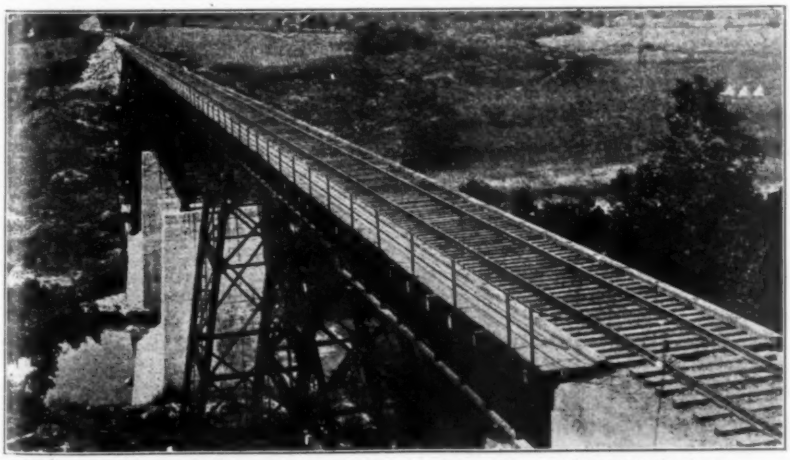
The company formerly had only one large mortgage bond issue, namely its First Mortgage 5's of 1938, of which there are $13,950,000 outstanding in the hands of the public. This bond is a high-grade obligation, for with the exception of an underlying lien of $200,000, it is a first mortgage on 249 miles of road. Considering the large gross revenues which the Clinchfield enjoys, the rate of $56,800 per mile at which this bond is outstanding is not high.

In 1922 it became necessary to refund some notes held by the United States Railroad Administration. For this purpose $8,000,000 Series "A" 6% bonds due in 1952 were issued under the new First & Consolidated Mortgage. There is $50,000,000 authorized under this mortgage which is intended to retire all prior indebtedness and take care of the company's future capital needs. It constitutes a first lien on the 35 mile extension from Dante, Virginia, to Elkhorn City and follows the First 5's on the remainder of the mileage.

The Bonds as Investments

Both bonds have advanced several points as a result of the additional security which it has been assumed the contemplated lease would give them. The First 5's of 1938 are selling at 93 at which price the yield is 5.70%, and the First & Consolidated 6's at 97 net a return of 6.20%. As previously mentioned the former occupy a high investment position and irrespective of whether the road continues to be operated independently or becomes part of another system their intrinsic value entitles them to sell on the present basis.

The junior bond issue, in spite of its inferior lien upon the property, may be considered relatively safe because of the strategic position, which the Clinchfield possesses. The volume of business has increased steadily during the last ten years and a further improvement may be expected. Whereas the consumption of the lease would greatly increase their security and result in their selling at a higher level, its failure to be adopted should result in only a very slight recession.



Catawba River Bridge on the C. C. & O. Ry., 105 ft. high, 960 ft. long

Industrials

Six Advantageous Stock Switches

Improving One's Investment and Speculative Position in an Uncertain Market—A Comparison of Earnings Records

By MARTIN GOLDEN

WHILE this article is confined almost exclusively to the explanation of six recommended stock "switches," it is worth noting that it also deals with the principles and value of switching as such. In an uncertain market such as the present one, the statements made in the introduction to this article would be well worth consideration by investors who are dubious concerning the prospects of the securities they are holding.

THE present position of the securities market affords an opportunity, as well as an incentive, to the speculatively-inclined investor (or the speculator with an investment training) to go over his holdings of stocks and weed out those whose prospects are not too favorable in order to replace them with others whose outlook is better. At the present time, there is no very strong trend in either direction, although a study of fundamentals may lead us to believe that the market as a whole will go downward rather than upward. It is typically a "trading market," characteristic of an uncertain business situation, and one in which individual securities may often go in an opposite direction to that of the market as a whole.

In such a market, it is wise to concentrate on the outlook for individual stocks rather than the general market. The general consensus of opinion, in the long run, will tend to put the better stocks up and the poorer ones down, even if the general market is unchanged, and the wise investor will try to anticipate this action by switching from his "lame duck" stocks into those which the market may reasonably be expected, on investment grounds, to favor sooner or later. This is the purpose of switching at a time when the market is in a state of transition and indecision, and explains why, in such a market, it is better to switch than to hold on in the hope of eventual improvement, or on the other hand to sell out and hold nothing but cash.

For a Higher Yield

Apart from the market outlook, however, one great object of switching is to improve the yield on the investment as a whole, by changing from overvalued stocks which yield little to undervalued stocks which yield more than the average, over a period of time. Often it may prove wise to eliminate a non-dividend stock in favor of a dividend payer with prospects, in pursuance of this aim.

As dividend yield should be figured in terms of total income on total investment, the price of individual items of the list is not of very great importance. For instance, a stock selling over par may be exchanged into twice as many shares selling around 50, without changing the total amount invested, if other considerations warrant it.

The stock into which the investor switches need not necessarily be in the same industry as that out of which he switches; in fact, most often the trouble is that he has bought into the wrong industry altogether, and should buy an entirely different kind of stock. Sometimes, however, he may be right on the industry, but have picked out a poor representative as his investment or speculative medium. In general, however, a stock is to be regarded simply as a means of making market profits, and the particular industry involved is only one of a number of factors which the intending purchaser should consider.

With these principles in mind, the following switches are suggested as likely to prove profitable within a reasonable time:

**Switch from AMERICAN RADIATOR (Divs. $4, Price 82)
To FOUNDATION CO. (Divs. $6, Price 70)**

American Radiator was heavily bought last year, as being an old-established company likely to benefit from the building boom. The company has grown steadily since its organization in 1899, having branched out into eight foreign countries, bought its own fuel supplies, and recently its own iron furnaces, and increasing its capitalization commensurately with its growth. In 1920, the capitalization was changed from $100 par to $25, and Dec. 30 of last year it paid a stock dividend of 50% while maintaining the $4 dividend rate. For 1912 to 1914, the company had paid stock dividends of 10% each, and in 1917, another dividend of 50%.

Apparently, earning power has not kept pace with the increased capitalization. Last year's high mark must be taken in connection with the extraordinary building boom, which is already showing signs of weakening. Prospects for a dividend increase are therefore slim, although the company will probably be easily able to maintain the prevailing rate. At current prices the yield is only 4.9%. As the price anticipates an increase to at least $6, where the stock would yield 7.3%, and as such an increase is not to be expected in the immediate future, we should recommend a switch into:

Foundation Co., which stands to benefit from the building boom, but is only slightly touched by depression. About 80% of its business is on a cost-plus basis, insuring it against losses, and the nature of its operations—subway systems, industrial plants, railroads, bridges, etc., for which it supplies the foundations, renders it very little susceptible to business fluctuations. The great point in its favor is the small capitalization—40,000 shares of common and 6,625 of preferred. It has about $30,000,000 of business on its books now, practically insuring earnings at the usual high level for the coming year. A higher dividend rate or extra dividends could be paid, while at current prices the yield is 8.6%.

**Switch from BURNS BROS. A (Divs. $10, Price 136)
Into AMERICAN TOBACCO (Divs. $12, Price 147)**

Burns Bros. is in the coal and ice trading and delivery business, which is highly fluctuating, subject to extreme seasonal variations, and depends on the uncontrollable state of the weather, to a large extent. A mild winter and cool summer would cut sharply into the company's earnings. At the same time, its earnings record in the past, while showing signs of improvement, is not very impressive, and the yield on the stock, while a satisfactory 7.4%, is less than the 8.2% of American Tobacco. The margin of dividends over average earnings is also relatively thin, indicating little outlook for an increase or extra.

American Tobacco, on the other hand, is one of the strongest corporations, showing a steady increase in business and a high rate of earnings, year in and year out, with an upward trend in the last three years which promises to carry it up to the old marks of $20-$30 a share annually in the course of time. Should this be the case, dividends would not improbably trend upward to or toward the old mark of $20 annually which was maintained from 1913-1919. It is a sound investment issue, giving a very high yield at current prices, and offering the prospect of increased dividends or extras over a period of time, in which case the market price would probably reflect the improvement in the investment status of the stock.

Switch from COLUMBIA GAS & ELECTRIC (Divs. $7.80, Price 102)
Into AMERICAN WOOLEN (Divs. $7, Price 88)

Columbia Gas & Electric appears to be a well-managed public utility proposition, operating principally in West Virginia and Kentucky, and including gas, electricity, water supply, and traction among its activities. It also derives a large part of its income, however, from natural gas and oil, which render it subject to unexpected geological conditions, such as exhaustion of oil fields, sanding-up, water invasion, choking of gas wells, etc., apart from purely commercial fluctuations.

In addition, the earnings of the company, while showing a definitely increasing tendency, do not appear to have left much margin over the present rate of dividends. In the last ten years, the company earned an average of $4.16 a share on the present $100-par stock, and paid an average of $2.90 a share. Last year the company earned $8.47 a share, paid $6, and has now raised the rate to $7.80 with no sign of a corresponding increase in earnings. The increase was in preparation for the issue of new stock of no par value at the rate of 3 new shares for one old, the new stock to carry dividends at the rate of $2.60 annually.

American Woolen, on the other hand, while a poor concern before the war, showed itself able to hold the great gains which it made from 1916-1919, has achieved a dominating position in its highly essential industry. At the present time it is working as close to physical capacity as labor and other conditions permit, and has sufficient orders on its books to see it safely through till the next season. Financial position is remarkably strong, with 70 millions of working capital against a capitalization of 40 millions of common and 50 millions of preferred. An extra dividend or a permanent increase in the rate is believed to be only a matter of time and the conservatism of the directors, while even under present conditions the yield of 7.6 is very good for a stock of this caliber.

Switch from TIDE WATER OIL (Divs. 0, Price 115)
Into TEXAS CO. (Divs. $3, Price 45)

The Tide Water Oil Co. is practically a contemporary of the old Standard Oil group, if not older, and in the past has made as good a showing as any of the old-line oil companies as to earnings, dividend payments, market price, etc. In 1920, however, it was caught with large inventories in a breaking oil market, and not long thereafter had to drop most of the 8 millions it had put into developing its Mexican properties. As a result, its earnings showing for the past two years has been very poor, the deficit for 1921 actually amounting to over 2 millions, though dividends at the rate of $10 a share were paid during that year. Dividends were accordingly passed in December, 1921, and have not yet been resumed, although some small distribution to stockholders would seem to be possible.

Earnings for the first quarter of the current year were $2.26 a share, and this before the flood of successive reductions in crude and refined oil prices which marked the second quarter. It would not be surprising to find that the company earned nothing at all in the second quarter, and accordingly the prospects for early returns are small. At the same time, in view of the high price of the stock, carrying costs are high, and mount up the longer the stock has to be held before dividends are resumed on a generous scale. The present price would anticipate a dividend of not less than $8, at which it would yield somewhat under 7%, with no allowance for carrying costs until that time.

Texas Co., on the other hand, of which it would be possible to buy 5 shares for every 2 of Tide Water Oil sold, is one of the strongest of the "independents," has come out fairly well from the fluctuations and readjustments to which the oil industry has been subject since 1920, and at the current price yields 6.7%, with a very good prospect eventually of an increase or an extra, in view of the expansion of the company's operations through its own resources recently in increasing its domestic refining capacity, taking over Venezuelan properties, enlarging its retail business by

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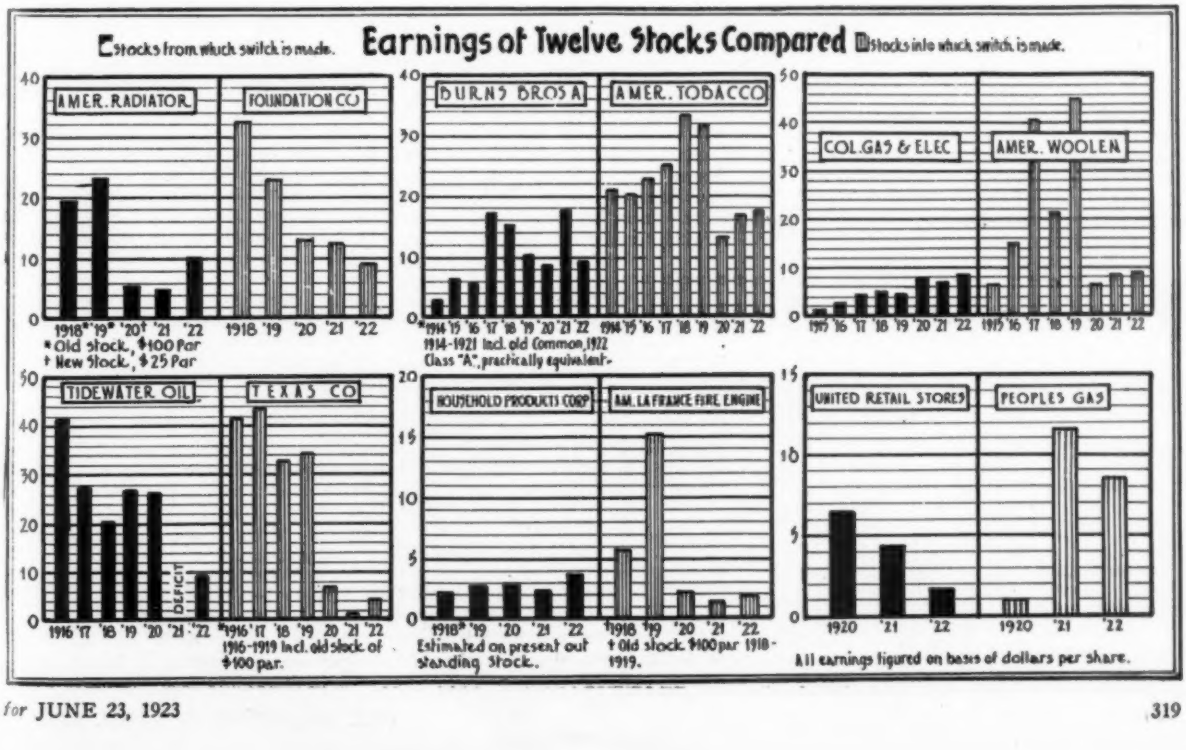
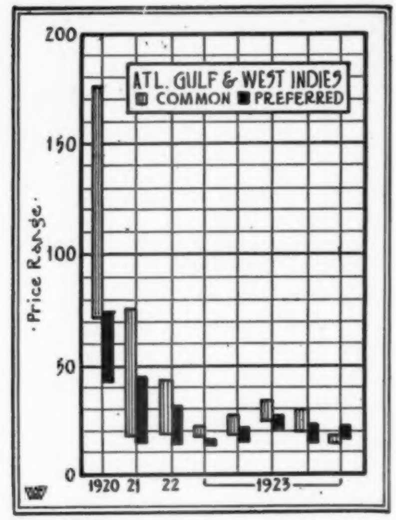


Atlantic Gulf & West Indies S. S. Lines

AGWI'S Hopes Still to Be Fulfilled

Assets and Security Values Compared — Outlook for the Stock

By HENRY FRANKLIN



THE old saying that the other man's business is more attractive than your own probably would not find much favor with the management of Atlantic, Gulf & West Indies. Here is a company whose "brilliant adventure" might have terminated in great success, but didn't. Here is a company whose road for the past four years has been strewn with "ifs."

Before the war, A. G. W. I. made a modest living from the operation of coastwise steamship lines and maintained a service between the United States and ports in the West Indies. Came the war, followed by an overwhelming demand for ocean cargo carriers. Earnings of Atlantic Gulf rose stupendously. So did the common stock which was elevated to the ranks of the favored few, paying dividends at the rate of 10% annually. In addition, profit and loss surplus piled up until at the end of 1919 the total was over 25 million dollars against less than 7 millions four years before that.

The end of the war found the company, then, with a big accumulated surplus for which the management determined to find an outlet. It may have been that the directors did not favor the expansion of general shipping facilities because of the established attitude of the government in regard to the upbuilding of American merchant marine, either transoceanic or inter-coastal. The writer does not pretend to know why the management decided on petroleum as a safe outlet for the employment of the company's accumulated surplus, but it did.

An ambitious program was designed contemplating the expenditure of from 50 to 60 million dollars, and including oil lands in Mexico, a fleet of tankers, a refinery in England, pipe lines and complete distributing facilities in France. This was in 1919, and predictions were freely made that the company expected to see the net return from the petroleum investment soon outstrip the revenues from the established shipping business which had been the backbone of earnings from formation.

If this adventure had been successful the management would have been hailed as most astute and far-seeing. But it has not turned out successfully. The French venture was abandoned, the majority interest in the English company has become a minority interest. The Mexican properties, however, are actively operated and the fleet of tankers is doing business. On the other hand, the investment in South America is showing no return as yet because no oil in commercial quantities has been discovered.

It is quite necessary to give a synopsis of the past four years in order to obtain a background for the company's position today. It is known that the petroleum investment so far has turned out poorly. It is known that the company has not made use of its surplus accumulated through the war in a way to increase earnings. The securities of Atlantic, Gulf & West Indies long since have discounted the big change and the question now does not concern itself with the past but with the probabilities of salvage. It is a question which cannot be answered definitely or concretely under present conditions, but there can be an attempt to picture briefly what the company possesses today and what conditions confront the management.

ATLANTIC, GULF & WEST INDIES

EARNINGS RECORD

	Oper. Revenue	Net Income	Earned on Com.	Profit & Loss Surplus
1916	$35,175,970	$5,234,667	$50.40	$14,676,089
1917	48,212,054	9,647,513	59.85	22,535,704
1918	26,633,550	2,709,987	13.50	22,294,299
1919	45,587,264	5,575,605	32.67	25,675,810
1920	54,983,504	148,231	def.	24,436,090
1921	40,717,775	1,781,337	7.31	22,301,182
1922	31,947,888	def.3,582,736	def.	17,353,551

	Current Assets	Current Liabilities	Working Capital
1916	$8,865,900	$3,469,918	$5,396,031
1917	23,793,071	10,840,595	12,952,476
1918	50,932,709	13,141,261	19,791,448
1919	28,831,673	6,980,882	21,850,791
1920	13,864,808	9,979,985	3,884,913
1921	9,929,700	8,305,055	1,624,645
1922	10,614,609	5,991,641	4,622,968

Source of Earnings and the Assets

The constituent parts of the earnings assets of the company at the present time may be, for the sake of convenience, divided as follows: (1) the old established steamship lines for passengers and general freight operating the coastwise routes and plying between American ports and the West Indies, (2) the fleet of oil tankers and (3) the Mexican oil properties.

As of December 31, 1922, the balance sheet showed that the value of the total fleet was carried at $61,274,000. This includes the tankers. Investment in the oil subsidiaries was carried at $8,500,000, making a total of approximately 70 million dollars. The present market value of the total share capitalization, including preferred and common, is roughly in the neighborhood of 5 million dollars. The principal bond issue, the collateral trust 5s, of 1959, are selling for about 50c on the dollar, or a total of 6½ million dollars.

Allowing 100 cents on the dollar as the market value of various other bond issues, which consist mainly of mortgages on the property of subsidiary steamship lines, and the total market value of the entire capitalization is not much over 30 million dollars. At the end of last year, the total tonnage of the fleet was 307,000 tons, including 149,000 tons for the tankers. There are 12 tankers in the fleet, built at an approximate cost of $190 per ton. Since the contracts were placed for the ships, tonnage cost has gone down substantially, so that in effect Atlantic, Gulf & West Indies is in the position of having to earn a return on a high-cost investment when the base of earnings, that is, freight rates, is low. It is interesting to note, however, that over 30% of intercoastal traffic at the present time is made up of transportation of petroleum, and the Atlantic, Gulf & West Indies fleet of tankers is now in operation transporting oil from California to Atlantic ports.

There is no present way, however, of determining whether these tankers will be able to show a net return based upon their original cost. There has been no marked improvement in the regular steamship transportation business. Atlantic, Gulf & West Indies passenger and freight ships ply mainly between the United States and the West Indies, that is, Cuba and Porto Rico. As is well known, the sugar situation on those islands is ex-

(*Please turn to page* 374)

Harvester's Massive Strength a Bulwark

Is the Industry as Strong as the Company? — Searching the Fundamentals

By RUDOLPH L. WEISMANN

STOCK prices are made far away from the sputter of the ticker. A study of a company and its securities not intended for the tape reader must in the very nature of things hinge principally on a consideration of the industry of which the corporation is a part. The desideratum is a strong limb of a strong body.

Agricultural Implements

Farming stands at the head of the "key" industries; wherever the soil is used for production, machinery is vital. It is a matter of common knowledge that the United States has always led in the use and development of farm operating equipment. From a puny beginning in the decade before the outbreak of the Civil War, the invested capital has grown from approximately 3.5 to 367 millions, accompanied by a corresponding rise in the value of the product from some 6 millions in 1849 to $304,900,000 in 1919.

If the figures need elaboration, let it be remembered that more progress has been made in the invention and development of agricultural machinery in the brief span between the present, and the middle of the nineteenth century, seventy years, than in the preceding seventy centuries. More specifically, capital has been well rewarded, the industry having formed the basis of its quota of fortunes. Early in the present century tendencies toward concentration culminated in the formation of the International Harvester Company, rather with a view of securing the benefits of large-scale business than because of such compelling necessity as existed in other fields. Today, the number of establishments is actually almost 50 per cent smaller than in 1889 despite a 500 per cent increase in the value of the output.

According to the Federal Trade Commission, the following profits were shown on the total investment of companies doing 90 per cent of all the business, for the period 1913-18:

	Per cent
1913	9.82
1914	6.57
1915	6.79
1916	9.72
1917	16.60
1918	19.88
Average	11.52

Keeping in mind the fact that at no time did the farmer become prodigal in his purchases of implements, even in his brief spell of temporary prosperity, and that for the earlier part of the above period, his condition was not enviable, the return is quite adequate. The violent deflation of farm products in last few years has precluded large sales or profits. The industry awaits a return of the farmer's purchasing power. Gross business, improved slightly in 1922, is somewhat better this year, but the improvement has lagged behind most other industries. An immediate spurt is not expected, but with farm labor becoming a luxury, scientific agriculture fast spreading and recent years of buying only to fill replacement needs, the future seems to offer more certain assurances of steady earnings than some of the more colorful branches of industry.

Dominating Position of "Harvester"

International Harvester is the United States Steel in this great basic business. The dominating position of the Harvester Company is evidenced by the fact that it does a larger business than all the other companies combined. Like the Steel Corporation, the control of the International Harvester Company in the harvesting machine trade declined from about 80 per cent in 1911 to 64 per cent in 1918. The percentage remaining in its hands still gives it a preeminence the advantage of which cannot be gainsaid.

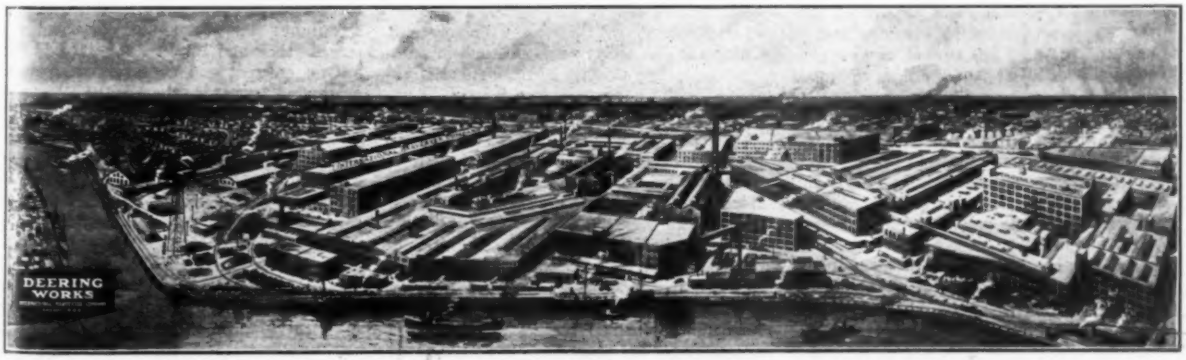
Figured on the same basis as the above table, profits in the years 1913-1918 were:

	International Harvester Co. and Corporation
1913	$10.67
1914	7.60
1915	7.84
1916	10.62
1917	18.59
1918	19.59
Average	$12.48

The foregoing, it will be noted, applies to the combined operations of the International Harvester Co. and the International Harvester Corporation, the former being engaged primarily in the domestic trade and the latter in foreign trade. In 1918, the two, which had been formed by splitting the first-named company in 1913, were recombined, and their accounts were kept combined throughout 1918. The rate of profit for the International Harvester Company in the same period was above 16 per cent, a better profit ratio than its competitors for domestic trade by 30 per cent.

In an industry where long-term credit allowances are a necessary characteristic, this company's financial facilities inspired an exasperated competitor to remark that "The Harvester Company sells credit, not

(*Please turn to page* 362)



The Deering Works of the International Harvester Co. at Chicago, where Reapers, Binders, Thrashers, Mowers, Rakes, etc., are made

Ten Unusually Attractive Preferreds

Opportunities for Investors Who Desire High Yields Combined With Intrinsic Values

By FREDERICK LEWIS

THE recent decline in the stock market has brought the prices of many preferred stocks down to a point where they apparently offer excellent investment opportunities. Many companies, due to a conservative policy as regards common dividend payments, have built up a strong financial position and have added largely to the equities behind the preferred shares.

The Preferred Stock Guide, which appears regularly in THE MAGAZINE OF WALL STREET, represents a careful combing of the list of preferred isuues, the stocks being selected from the viewpoint of security, yield and marketability, and attention is called to the stocks tabulated.

In this article, however, a brief analysis is given of five preferred stocks that are in the sound investment class and which give an average return to the investor of approximately 7%. In order to qualify for this list, earnings for the past five years must have averaged in excess of four times preferred dividend requirements.

An analysis is also given of five preferred stocks whose dividend requirements in 1922 were covered three times. These issues, while somewhat more speculative than those in the first group, apparently offer an excellent opportunity for investors who can afford to assume a "business man's" risk. These companies appear to be definitely on the up-grade and their preferred stocks are likely to gradually approach a sounder investment position with consequent appreciation in market price. The average yield of the five stocks in this group is 7.96%.

GROUP ONE

Colorado and Southern Colorado & Southern 8½ million first preferred stock is entitled to 4% non-cumulative dividends. The 4% rate was paid from 1906 to 1913, inclusive. In 1914-1915, the dividend was omitted, but it was resumed in 1916 and the 4% rate has been continued to date. Colorado & Southern for several years has shown satisfactory improvement in earnings and in the past five years has earned its first preferred dividend at an average of more than six times over. Earnings in 1922 were approximately five times the first preferred dividend requirements. The first preferred stock is followed by 8½ millions second preferred stock on which full dividends are being paid; and 31 millions common which has paid 3% for two years.

By adopting a conservative dividend policy, this company has built up a strong financial condition, and, on the basis of current earnings, it should be able to maintain the present dividend rate on the common stock. **The first preferred stock can now be considered in a strong investment position.**

Cluett-Peabody Cluett-Peabody has a splendid earnings record over a long period of years. In the past ten years, with the single exception of 1921, this company has never failed to earn a substantial margin for the common stock. In 1921, due to inventory losses, only 3.26% was earned on the preferred, but in 1922, 32.72% was earned and the average for the last five years is 4.5 times the preferred dividend.

Cluett-Peabody is the largest manufacturer of collars in the world, having selling agencies in the principal cities of the United States and also in many foreign countries. Due to its dominant position in the industry, there is every reason for the belief that the company will continue to show a large earning power. Cluett-Peabody is entirely free of any funded debt and its working capital alone is nearly 3 million in excess of the preferred stock outstanding . Since the organization of the company in 1913, the preferred dividend has been paid regularly. **This is a high-grade issue and can be secured at an attractive price.**

TEN ATTRACTIVE PREFERRED STOCKS

GROUP I

Earnings for past five years have averaged four times preferred dividends.

Pfd. Stocks	Div'd	Price	Yield
Colo. & Southern 1st	4	54½	7.3
Cluett-Peabody	7	105	6.7
Kelly Sp'gfield 1st..	6	87½	6.8
Philadelphia Co....	3	41½	7.2
Standard Milling...	6	89	6.7

Average yield 6.9

GROUP II

Preferred dividend earned three times over in 1922.

Pfd. Stocks	Div'd	Price	Yield
Am. W. Wks. & El.	7	89	7.9
Brown Shoe........	7	94½	7.4
Famous Players....	8	91½	8.7
Julius Kayser......	8	98	8.2
Pere Marquette.....	5	64	7.7

Average yield 8.0

Philadelphia Company Philadelphia Company and its various subsidiaries supply Pittsburgh and vicinity with natural gas, electric light, power and oil as well as traction facilities. The $3 cumulative preferred stock of which there is 14½ million outstanding is followed by 43 million dollars common stock which has paid dividends without a break since 1898. Earnings in 1922 were five and a-half times dividend requirements on the preferred stock and the average for the past five years was 5.7 times.

This company serves one of the most important industrial centers in the United States and its business has shown a healthy growth from year to year. **The stability of the company's earnings and the nature of its business entitles the preferred stock to a high investment rating.**

Kelly Springfield Kelly Springfield 6% cumulative first preferred of which there is 3 million outstanding ranks ahead of 5½ million 8% preferred stock and 9 million common stock. There is ten million dollars funded debt which is being retired, one million per annum, commencing with this year. Balance sheet as of December 31, 1922, showed a working capital of 14 million dollars, about one million in excess of the combined funded debt and first preferred stock outstanding. While it is true that competition in the tire industry is very keen, Kelly Springfield is one of the strongest companies and should be able to hold its own. In 1922, which was not a particular prosperous year for the tire companies, Kelly Springfield earned 104% on the 6% preferred stock. Earnings in the current year are expected to run well ahead of 1922. Average earnings for the past five years has been 13.2 times the first preferred dividend requirements. **The stock is quoted at around 85, where it returns the substantial yield of 7%.**

Standard Milling Standard Milling, through its subsidiary companies, has a total daily capacity of 38,000 barrels of flour. For many years, this company has put back into its property the greater portion of its earnings and as a result is now in very strong financial condition and its plants thoroughly modernized.

Earnings for the past five years have averaged 5.2 times the dividend requirement on the preferred stock. This is a 6% non-cumulative issue of which there is 6½ million outstanding. It is followed by 12 million common stock which is paying dividends at the rate of 5% per annum.

From 1916 to date, the regular 6% dividend has been paid on the preferred stock. Funded debt of the company is about 4 million dollars. Working capital as of August 31, 1922, was 8¾ millions or about 2 millions less than the combined preferred stock and bonds. Standard Milling has an efficient and conservative management and even in the 1920-1921 period when many milling companies were hard hit by the decline in prices, Standard Milling earned the preferred dividend more than three times over. **This is an inactive issue but of very high grade.**

GROUP TWO

American Water Works & Electric American Water Works & Electric Company controls and operates water works companies in some ninety communities and also controls the West Penn Company which supplies power and light in Western Pennsyl-

vania, West Virginia and Maryland. Previous to 1917, the company did not show a very substantial earning power, but since that time it has been definitely on the up-grade and earnings are now highly satisfactory.

In 1922, the dividend on the 7% first preferred stock was earned four times over, and in 1921, 3⅓ times. Earnings this year are running ahead of those of 1922. The 5½ million dollars 7% first preferred is followed by a ten million issue of 6% participating preferred which is paying 4%. At the present time, the company is receiving dividends at the rate of only 2% on its holdings of the common stock of the West Penn Company, and as earnings of the latter are running at the rate of better than 10%, an increase in the dividend is likely, which would bring additional income to American Water Works. Initial payment of 1¾% was made on the first preferred stock in August 1917, and in the same year 21% back dividends were paid off partly in cash and partly in common and preferred stock. **In view of the excellent earnings now being reported by the company, the first preferred stock appears to be a decidedly attractive business man's investment.**

Brown Shoe Brown Shoe had a bad year in 1921 due to depreciation in inventory and reported a deficit of $758,428. With the exception of that year, the record of the company has been an excellent one and in the past five years it has earned the dividend on its 7% cumulative stock more than three times over. In 1922, it earned 24.6% on the preferred.

The company is entirely free of funded debt and working capital as of October 31, 1922, was 9 millions which compares with a preferred stock issue of 5 millions. **This preferred stock is rapidly getting into a stronger investment position and if the company can continue to show earnings at the present rate for a few years more, the preferred stock will be entitled to a position among the high-grade investment issues.**

Famous Players Apparently the only reason why Famous Players preferred is not classified among the high-grade preferred issues and why it sells on so liberal a yield basis, is the comparative newness of the moving picture industry. Investors feel that this industry has not yet been thoroughly stabilized and that in years to come, the margin of profit may not be so high as in the past. This may be true to a certain extent, but Famous Players is the most important factor in this industry, has a highly efficient management and should be able to hold its own.

There are only 9 millions 8% cumulative preferred outstanding and the company is entirely free of funded debt. Working capital alone is in excess of 10½ millions. The preferred stock is followed by 229,203 shares of common stock which has been paying dividends at the rate of $8 per share per annum for the past four years. In 1922, the company earned 45.77% on the preferred stock and in 1921, 50.53%. Earnings in the current year are understood to be holding up well. Through its control of many theatres in the United States, Famous Players has an assured outlet for its products. **At the present price of 93 to yield 8.6%, the preferred stock offers an unusually attractive investment opportunity.**

Julius Kayser Julius Kayser has shown an excellent record over a long period of years and even in 1921, which was a period of depression in the silk industry, showed sufficient profits to cover the dividend requirements on the 66,115 shares of $8 preferred stock. In 1922, the preferred dividend requirements were earned a little more than three times over. There is only 3.8 millions funded debt ahead of the preferred stock. As of August 31, 1922, working capital was 9.1 millions.

Earnings in the current fiscal year are understood to have been as satisfactory as they were in the 1922 fiscal year and as no dividends have been paid on the common stock, working capital of the company at the present time is probably considerably larger than it was a year ago. Earnings for the past ten years have averaged approximately $7 a share on the

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PREFERRED STOCK GUIDE

Sound Investments

INDUSTRIALS:	Divid'd Rate $ Per Share	Approx. Price	Approx. Yield	Divid'd † Times Earned
American Sugar Refining Co. ....(c.)..	7	101¾	6.9	1.8
American Can Co. ....(c.)..	7	110½	6.3	3.2
American Ice Company.................(n.c.)..	6	84	7.1	2.2
American Woolen Co......................(c.)..	7	102	6.8	2.9
Allied Chemical & Dye Corp...........(c.)..	7	109½	6.4	(x) 4.8
Baldwin Locomotive Works............(c.)..	7	112	6.2	5.4
Cluett-Peabody & Co.....................(c.)..	7	105	6.7	4.5
Endicott-Johnson Corp...................(c.)..	7	115½	6.1	6.0
General Motors Corp. deb...............(c.)..	7	98½	7.1	(y) 5.4
Kelly-Springfield Tire Co................(c.)..	6	87½	6.8	13.2
Loose-Wiles Biscuit Co. 1st............(c.)..	7	106	6.6	3.5
Standard Milling Co.....................(n.c.)..	6	89	6.7	5.2
PUBLIC UTILITIES:				
North American Co......................(c.)..	3	44	6.8	6.0
Philadelphia Company...................(c.)..	3	41½	7.2	5.7
RAILROADS:				
Bangor & Aroostook......................(c.)..	7	91	7.7	2.5
Chesapeake & Ohio conv................(c.)..	6.50	99½	6.5	(z) 6.6
Chicago & Northwest partic...........(n.c.)..	7	116	6.0	6.3
Colorado & Southern 1st...............(n.c.)..	4	54½	7.3	6.2

Middle-Grade Investments

INDUSTRIALS:	Divid'd Rate $ Per Share	Approx. Price	Approx. Yield	Divid'd † Times Earned
Armour & Co. of Del......................(c.)..	7	91	7.7	(z) 2.9*
American Steel Foundries...............(c.)..	7	102	6.9	5.0
Allis-Chalmers Mfg. Co..................(c.)..	7	93	7.5	3.2
American Smelting & Ref. Co..........(c.)..	7	97½	7.2	2.5
Associated Dry Goods Co. 1st..........(c.)..	6	84	7.1	2.7
Brown Shoe Co.............................(c.)..	7	94 ½	7.4	3.1
Bethlehem Steel Corp. conv............(c.)..	8	104½	7.6	6.9
Bush Terminal Buildings Co............(c.)..	7	92¾	7.5	1.1
Coca-Cola Co................................(c.)..	7	99	7.0	(x) 5.1
Cuban-American Sugar Co..............(c.)..	7	98	7.1	3.0
Genl. American Tank Car Corp........(c.)..	7	100	7.0	(y) 5.7
General Baking Co.........................(c.)..	8	112½	7.1	(x) 3.8
Gimbel Brothers, Inc......................(c.)..	7	100	7.0	3.3
J. Kayser & Co..............................(c.)..	8	98	8.2	1.8
Natl. Cloak & Suit Co.....................(c.)..	7	92¾	7.5	3.0
Sears-Roebuck & Co.......................(c.)..	7	108	6.5	15.7
U. S. Industrial Alcohol Co.............(c.)..	7	99	7.0	3.9
PUBLIC UTILITIES:				
Amer. W. Wks. & Elec. Corp. 1st......(c.)..	7	89	7.9	(x) 2.2
Public Service of N. J....................(c.)..	8	104	7.6	1.9
RAILROADS:				
Baltimore & Ohio........................(n.c.)..	4	58½	6.8	...
Colorado & Southern 2nd pfd.........(n.c.)..	4	48	8.3	7.2
Pittsburgh & W. Va.......................(c.)..	6	89	6.8	2.0

Semi-Speculative Investments

INDUSTRIALS:	Divid'd Rate $ Per Share	Approx. Price	Approx. Yield	Divid'd † Times Earned
American Beet Sugar Co...............(n.c.)..	6	77¾	7.7	2.8
California Petroleum partic. pfd.........(c.)..	7	107	6.5	(x) 3.4
Famous Players-Lasky Corp............(c.)..	8	91½	8.7	(w) 6.4
Fisher Body Corp. of Ohio..............(c.)..	8	98	8.1	...
Mack Trucks, Inc., 1st...................(c.)..	7	94	7.4	2.0
Orpheum Circuit...........................(c.)..	8	92	8.6	3.1
Pure Oil Co. conv. pfd....................(c.)..	8	97	8.3	6.0
U. S. Rubber 1st pfd....................(n.c.)..	8	100	8.0	2.0
Worthington Pump & Mfg. "A".........(c.)..	7	83	8.4	6.6
PUBLIC UTILITIES:				
Market Street Railway prior pfd.........(c.)..	6	69	8.7	...
RAILROADS:				
Kansas City Southern..................(n.c.)..	4	54	7.4	1.65
Pere Marquette............................(c.)..	5	64	7.7	2.0
St. Louis Southwestern.................(n.c.)..	5	61½	8.1	1.4
Southern Railway........................(n.c.)..	5	68½	7.3	2.9

(c.) Cumulative. (n.c.) Non-cumulative.

(w) Average for last two years.
(x) Average for last three years.
(y) Average for last four years.
(z) Stock was issued this year.

* Based on average earnings during past six years.

† Average number times earned last five years.

Associated Dry Goods Corp.

The Brilliant Record of Associated Dry Goods

And Its Prospects for Larger Dividends

By JOHN MORROW

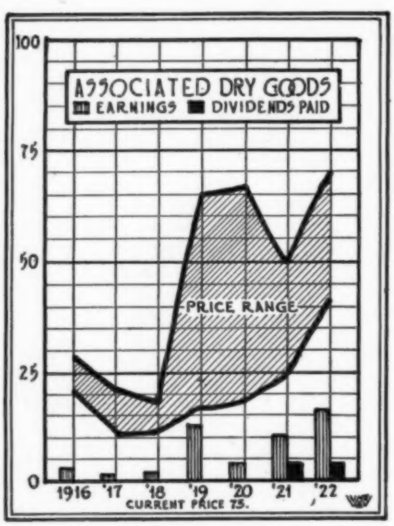
ASSOCIATED DRY GOODS is one of the more interesting of the big department stores companies, for one reason, because it is a company which is building successfully out of the ashes of a reorganization.

As constituted today the corporation was incorporated seven years ago to carry out the plan of reorganization of the Associated Merchants Company and the United Dry Goods Company. Associated Dry Goods controls stores in New York City, Buffalo, Newark, N. J., Minneapolis, Louisville and Baltimore. The New York stores are two of the best known merchandisers; James McCreery & Company and Lord & Taylor.

The growth of the earning power of Lord & Taylor is almost a story in itself, for in five years it has changed from a liability of the parent company to a decided asset. At the end of 1918, Lord & Taylor had a profit and loss deficit of $547,000. At the end of 1922, the profit and loss surplus was $1,420,000. At the end of 1921, Lord & Taylor paid a dividend of 12% on the $2,500,000 1st preferred stock on account of accumulations. In 1922 the remainder of accumulations, amounting to 39%, was paid off.

After the extinguishment of these obligations the parent company's equity and Lord & Taylor's undivided profits at the end of 1922 was equal to about $1.50 a share on Associated Dry Goods common. Naturally the payment of these accumulated dividends by Lord & Taylor has swollen Associated Dry Goods income account beyond normal. On the other hand the big improvement in the position of the subsidiary means that the parent company now has a rather sound assurance of a steady income from this source. For example, if Lord & Taylor paid the regular dividends upon the two preferred stocks, and say $4 a share on the common, it would mean between $2 and $3 a share annually upon Associated Dry Goods common. The Lord & Taylor situation is gone into at some length because of its obvious importance. Lord & Taylor in distress and Lord & Taylor prosperous, mean a difference of many points in the speculative values of Associated Dry Goods common.

Associated Dry Goods did not begin to earn money until 1919. There was enough return to pay dividends upon the preferred stocks but the possibilities for the common were held to be rather vague. In the four years from 1919 to 1922, however, inclusive total earnings upon the common stock have been over $53 a share. Dividend payments were not inaugurated until 1921 and then the rate was placed at $4, where it still stands. When the earning power of a corporation increases as rapidly as Associated Dry Goods has done there is of course the need for larger working capital, the necessity for more room to turn around in, financially speaking. Criticism is sometimes levelled at corporate managements because they do not, when earnings expand substantially, immediately increase the dividend rate.



If they did so it might easily be at the expense of working capital and what stockholders might gain would be lost to bankers.

Associated Dry Goods has gone along smoothly and has not been called upon to do any financing. At the end of 1922, the parent company and subsidiaries had no outstanding indebtedness or borrowed money except for some real estate mortgages. Net assets of seven subsidiaries including no good will or other intangible assets totalled almost 21 million dollars. Other investments brought the total to between 24 and 25 million dollars. Total capitalization of Associated Dry Goods is 35.5 millions. It is well to bear in mind, however, that any attempt to draw conclusions from the relation of the value of net assets to total capitalization may be misleading. These net assets are conservatively figured, being based on net tangible assets consisting of such items as cash, receivables, inventories, and real estate, etc. Another way of figuring the net worth of the common is to take total capital and capital reserve which together total almost 20 million dollars, and add to that the surplus representing undistributed profits of 7½ million dollars. This shows the net worth of the common to be about $44 a share, which however, is of relative unimportance to a company like Associated Dry Goods, where values must be judged by earning power. Conceivably, net tangible assets might at some times be represented by very heavy inventories which were moving very, very slowly. Such a condition would not help the cause of the common stock in the market places.

Ahead of Associated Dry Goods common are two issues of preferred, consisting of $13,800,000 6% 1st preferred and $6,700,000 7% 2nd preferred. There is no question that the investment positions of these two issues has been substantially improved during the past two years but not yet have they arrived at a price level which would clearly indicate or demonstrate that they are securely in the ranks of the high-grade investments. The 1st 6% preferred in the neighborhood of 84 yields over 7% and is cheap. The 7% 2nd preferred in the neighborhood of 91 is relatively as cheap.

The big advance in the common stock from a low of 43 in January 1922, to a pinnacle of around 90 in the spring of this year naturally has given rise to all sorts of conjectures. The big improvement in earning power is recognized, classified and substantially discounted.

The management is considered very conservative and according to published reports, fights shy of expressing any opinion whatsoever as to the possibilities of higher dividends this year. It has been said that there are two classes of opinion in the directorate, but this lacks official confirmation. In the meantime the stock is hanging fire. Those who hold it are loath to sell in view of the known large earnings, but those who might be buyers are perhaps unwilling to take the plunge because they believe that there must be tangible indications of an increase in the dividend rate to furnish further speculative impetus.

So far, Associated Dry Goods Common has the support of exceptional earnings but the stock in the neighborhood of 80 will probably not attract much outside buying if the $4 dividend is to be the limit of largess to shareholders.

Uncertainties of N. Y. Dock Outlook

Complications in Business Situation and Possibilities of "Port Authority" Plan—The Trend of Earnings

By HENRY H. ORRICK

OVER and above the ordinary elements of risk which all businesses face in the present unsettled times, concerns of the type of the New York Dock Co. confront new and startling developments which may be full of surprises. The nature of its business subjects it to a number of fluctuating factors apart from the fluctuations of domestic business activity.

In the first place, as the owner of the largest pier system of the United States, the company has a vital interest in the ebb and flow of foreign trade, which, as we know, may vary perfectly independently of domestic business. It is worth noticing that the total volume of foreign trade is the only thing that affects the company; whether it be export or import, all is grist that comes to its mill. For this reason it has not suffered as much as might be expected from the decline in exports, as this has been made up to some extent by the increase in imports. **Yet the total volume has shown a distinct tendency to fall off for the past few years.**

In addition, the company owns the largest string of bonded and free warehouses in the Western Hemisphere, it claims. This means that a large part of its business is subject to changes in the tariff laws, for instance, which may make it desirable or undesirable as the case may be to store large quantities of merchandise for re-export or remanufacture in bonded warehouses. The state of speculative activity in business also expresses itself in the degree to which enterprising business men store quantities of commodities in the company's warehouses over and above their normal requirements in the hope of speculative profits.

In 1920, the company reaped a rich harvest from these speculative operations, which, of course, involved the holding of large quantities of goods away from the market for months. In the case of cotton, sugar and coffee, the warehouse charges which the company collected from these operations were enormous. The more conservative trend of business since that time, of course, has affected the company's earnings unfavorably in this respect.

The degree of activity in the shipping industry, including coastwise trade, which has proven itself well able to compete successfully with the railroads in certain classes of freight, will, of course, affect the company's business. So will some apparently far-fetched factors such as the activity of the coffee trade, which piles up yearly great charges for pier service and storage. Such a measure as the coffee valorization scheme of the Brazilian Government, for instance, is a direct blow at the company.

Another great source of uncertainty is the effect on the company of the prospective realization of the plans of the Port Authority of the Port of New York, described in the last issue of THE MAGAZINE OF WALL STREET. Should the Port Authority's suggestions for unification of harbor facilities, reduction of terminal charges, construction of vehicular tunnels, etc., be adopted, it is difficult to say in advance what the effect would be on New York Dock's earnings.

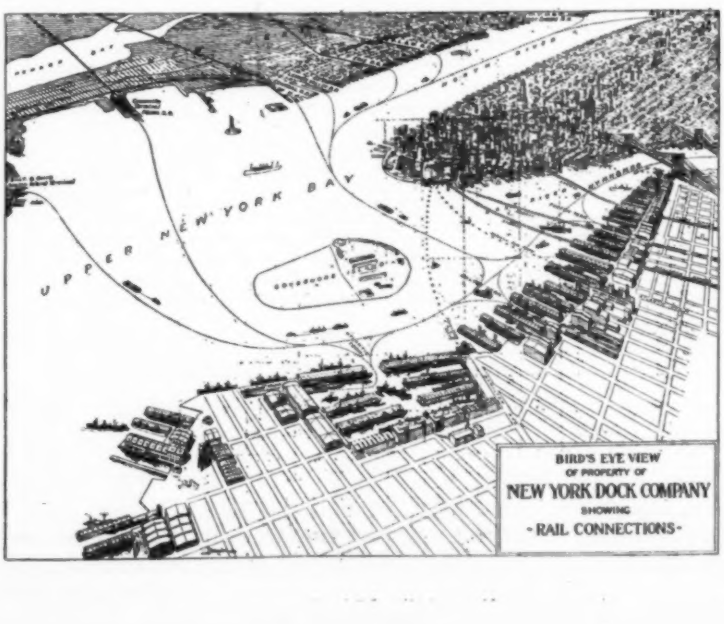
It is evident that traffic volume will be stimulated, and that New York as a harbor will be better able to compete for export and import traffic with such other Atlantic ports as Boston, Baltimore and Philadelphia, which have latterly been gaining ground on the metropolis. On the other hand, in the process of cutting down terminal costs, it seems highly likely that profits per unit of traffic handled will be cut down, at the same time as volume of traffic handled increases. What balance will be struck between the two is hard to predict, and the harder because the probable anticipation of the result will influence the company's attitude toward the very plans which will produce the result.

The New York Dock Railway Co., the subsidiary of the company which takes care of its belt-line railroad and switching business, is in addition closely dependent on the volume of general railroad traffic, and should be favorably affected by the huge volume of car loadings being reported by the railroads every week. It is now believed to be paying its way, instead of being a source of loss to the parent company as heretofore. It will be directly affected by whatever changes the Port Authority plan succeeds in making in the way of unification of terminal facilities, lowering of charges, simplification of procedure, and the like.

The uncertainties brought out above are the crux of the present situation with respect to the securities of the New York Dock Co. So far as recent earnings figures indicate a definite trend, it is downward, and it is doubtful if the company will be able to repeat last year's feat of earning a small margin above preferred dividends.

The financial position, with a current ratio of 3:2, as it has been since 1918, is little more than fair, although the 1.2 millions of current assets are of the most liquid character, and the liabilities consist of practically nothing but accrued bond interest, dividends and taxes.

Wall Street's opinion of the investment status of the company is shown in the quotation of 50 for the non-cumulative 5% preferred, in spite of its participating feature, which has not yet been exercised. At this price, it yields 10%, indicating pronounced lack of confidence by investors. The common is now about 21. Although this lack of confidence is based rather on uncertainties than on definitely unfavorable developments, **it indicates that neither of the two classes of stock is particularly attractive, until the situation has been cleared up.**



BIRD'S EYE VIEW OF PROPERTY OF NEW YORK DOCK COMPANY SHOWING - RAIL CONNECTIONS -

Recently Listed Securities

The Third of a Series Describing and Analyzing Newly Listed Stocks

By FRED L. KURR

NOTE: The first of the series appearing in the May 12 issue, covered the following companies: Fleischmann, Foundation, Household Products, International Tel. & Tel., Onyx Hosiery, Skelly Oil and Waldorf System. The second of the series, appearing in the June 9 issue, covered the following: Auto-Knitter Hosiery, Cuban Dominion Sugar, Hayes Wheel, Independent Oil & Gas and West Penn. Subsequent issues will deal with more of these newly-listed stocks.

GARDNER MOTORS Organized at the peak of the post-war boom, Gardner Motors immediately ran into the drastic deflation period and, as a result, reported deficits up to the beginning of the current year. The plant of the company is located at St. Louis, and the natural market for the car is in the South and Southwest.

Gardner commenced production in 1920 with high hopes of making itself supreme in this territory, but the prosperity bubble of the South was punctured more deeply than elsewhere and, as a result, new markets had to be developed at the expense of time and money. In 1921, the company reported a deficit of $777,889 and in 1922 a deficit of $60,331. In the current year, however, the corner was definitely turned, net profits for the first three months being reported at 80c a share on the 155,000 shares of stock outstanding.

As of December 31, 1922, the company's current assets totalled $1,372,874 as against current liabilities of $428,878, a ratio of better than 3 to 1. Net tangible assets as of December 31, 1921, were equal to $8.74 per share on the stock.

In view of the greater prosperity in the South, the company's business in this section should be on an increasing scale. To Texas points, the company has a rail freight differential of $50 a car over Detroit. Its factories are on the banks of the Mississippi and about 20% of the output normally is distributed from New Orleans to the Twin Cities and neighboring inland communities by government barges at a rate of about one-third of similar rail charges. **Of course, the stock of a small automobile company such as this is highly speculative, but at present levels of around 10 it is not without possibilities in view of the fairly satisfactory financial condition and the big improvement shown in earnings so far this year.**

ARNOLD, CONSTABLE & CO. Arnold, Constable & Company last year was purchased from the Arnold family by interests headed by Stephen J. Leonard, a director of Julius Kayser & Company and president of the Standard Cloth Company. Arnold, Constable & Company is one of the oldest drygoods establishments in the United States and will celebrate its one-hundredth anniversary in 1925. The new management is planning to expand the company's business and will undertake extensive alterations and additions to the present six-story building on Fifth Avenue, N. Y. City. While doing mainly a retail business, the store also carries on a wholesale business of considerable volume.

Capitalization of the company consists of 175,000 shares of no par value. There is no funded debt and the balance sheet as of December 31, 1922, showed the company to be entirely free of bank loans. Net tangible assets are equal to approximately $12 a share on the stock.

At present levels of around 13, the stock can only be regarded as a decided speculation for, although the financial condition is good, operating results in the past several years have been unsatisfactory. In 1919, $1.50 per share was earned, but in 1920, the company just covered expenses and in 1921, a deficit of $445,017 was shown, followed by a deficit of $557,374 in 1922.

The new management may be able to develop a much better earning power for the company, but until this has been demonstrated purchase of the stock is not advisable.

INLAND STEEL Inland Steel is the second largest producer of steel in the Chicago district, having an ingot capacity of 1,200,000 tons. Its business is the manufacture and sale of a widely diversified line of steel products, consisting of billets, slabs, sheet bars, sheared and universal mill plates, structural shapes, merchant bars, blue annealed sheets, black and galvanized sheets, etc. The company has the advantage of marketing a large percentage of these products in Chicago and points within a radius of 100 miles of its manufacturing plants. It is well protected in regard to its supplies of raw material. Its ore requirements are met entirely through ownership of ore leases in Minnesota and its coal supplies are assured by properties in Pennsylvania, West Virginia and Illinois.

The business was organized in 1893, and in no year since its organization has the company reported an operating loss. For the eight years ended December 31, 1922, net earnings, after deducting depreciation, depletion and amortization, have averaged $5,510,353 which is equal to about $4.50 a share on the common stock now outstanding. Earnings for the first quarter of the current year after all charges were approximately equivalent to 90c a share on the common stock.

Balance sheet as of December 31, 1922, showed a strong financial condition, there are no bank loans and the ratio of current assets to current liabilities is 10 to 1. Net tangible assets as valued on the balance sheet are equal to $44 a share on the outstanding common stock. The company carries its physical property on the basis of actual expenditures less depreciations. These properties were recently appraised by independent interests at over sixty million dollars or 24 million in excess of their book value.

While this company has an excellent record, the earning power demonstrated up to the present time does not appear to justify a very much higher price than the stock is now selling for. The asset value of the stock is well in excess of its present price, but it is well to realize that the asset value of United States Steel common is more than double its present market price and the same can be said of many other steel stocks. **In view of the rather uncertain outlook as to the immediate course of the steel industry, Inland Steel common does not appear an attractive purchase at this time. The 10 million dollars 7% preferred stock selling around 102, however, is**

FIVE RECENTLY LISTED COMPANIES

	Capitalization			Working Capital	*Earned Per Share 1922	Price Range Since Listing		Present Price	Dividend Rate
	Bonds	Preferred	Common (No. of Shares)			High	Low		
Arnold Constable	......	......	175,000	$1,810,267	†	18⅞	12	13	....
Gardner Motor	......	......	155,000	943,996	‡	14¾	9⅞	10	....
Inland Steel	$750,000	$10,000,000	1,182,799	25,839,923	$0.96	46⅝	36	39	2.50
National Department	1,592,300	8,300,000	300,000	6,075,736	§4.51	42½	36¼	39	....
Phoenix Hosiery	220,000	4,500,000	175,000	4,147,260	9.00	46¾	32	35	....

* On present outstanding common stock. † 1922 deficit $557,374. ‡ 1922 deficit $60,331. § Eleven months ended December 31.

entitled to a high investment rating as net current assets alone are 1.83 times the amount of preferred stock outstanding and net tangible assets are equal to nearly $600 per share on the preferred.

NATIONAL DEPARTMENT STORES National Department Stores, Inc., is a consolidation of the following companies operating modern department stores: The Bailey Company, Cleveland; The Rosenbaum Company, Pittsburgh; B. Nugent & Bro. Dry Goods Co., St. Louis; Geo. E. Stifel Co., Wheeling, and Geo. R. Taylor Co., Wheeling. The business of these concerns have been long established and they rank among the leading department stores in their communities with a combined gross business of well over thirty millions. Net profits of the combined companies for the five years and eleven months ended December 31, 1922, averaged $1,445,211, equal to $2.87 a share on the 300,000 shares of common stock now outstanding. This is after allowing for the preferred dividend. For the eleven months ended December 31, 1922, earnings were equal to $4.50 per share on the common stock, and in the current year, net sales have been running about 12% ahead of 1922.

Consolidated balance sheet as of December 31, 1922, shows a good financial condition, ratio of current assets to current liabilities being approximately 3 to 1. Book value of the common stock is $16.80 per share. This gives no value to goodwill. Lands, buildings and equipment are carried on the balance sheet at sound values as appraised by independent appraisers.

The various stores will retain their present managements which have been decidedly successful in the past, but the consolidation should permit of buying in greater volume and a consequent saving in price. **At present levels of 39 the stock is, of course, in a speculative position, as earnings of the combined properties in the past several years have hardly been sufficient to warrant this**

(Please turn to page 379)

Industrial ***Oil*** ***Mining***

Investors' Indicator

Current Earnings—Dividends—Working Capital

Industrials—	Dollars Earned per Share 1921	1922	1923 1st quar.	†Present Div. Rate	Recent Price	Yield on Recent Price (%)	Ratio of Current Assets to Current Liabilities	
Allis-Chalmers	4.07	4.11	0.69	4	41	9.8	10 to 1	December 31, 1922.
Ajax Rubber	def.	0.06	1.05	....	9	....	6 to 1	December 31, 1922.
Air Reduction	4.11	5.23	3.50	4	64	6.2	6 to 1	December 31, 1922.
Amer. La France Fire E.	1.45	1.90	0.40	1	12	8.3	5 to 1	December 31, 1922
Amer. Druggists' Syndicate	def.	0.63	....	....	5	....	12 to 1	December 31, 1922.
Amer. Hide & Leather pfd.	def.	4.20	def.	....	43	....	3½ to 1	December 31, 1922.
Amer. Locomotive	13.34	l...	....	10	141	7.1	5 to 1	December 31, 1922.
Amer. Steel Foundries	0.13	4.03	1.91	3	36	8.3	4½ to 1	December 31, 1922
Butterick Co.	5.23	3.42	....	....	16	....	3 to 1	December 31, 1922.
Central Leather	def.	q	2.30	....	25	....	5½ to 1	December 31, 1922.
Cluett-Peabody	def.	12.01	....	5	66	7.6	3¾ to 1	December 31, 1922.
Coca Cola	3.29	11.14	2.64	7	81	8.6	4 to 1	December 31, 1922.
Colorado Fuel & Iron	def.	def.	1.00	....	32	....	3½ to 1	December 31, 1922.
Corn Products	9.21	17.43	5.24	c6	131	4.6	6 to 1	December 31, 1922.
Endicott-Johnson	10.79	13.77	....	e5	70	7.1	2¼ to 1	December 31, 1922.
Famous Players	19.01	14.72	....	8	80	10.0	2¼ to 1	December 31, 1922.
General Motors	def.	2.19	....	1.20	15	8.0	4½ to 1	December 31, 1922.
Gulf States Steel	def.	7.26	4.44	4	83	4.8	6 to 1	December 31, 1922.
Hudson Motor	0.76	6.03	....	f2	25	8.0	2½ to 1	November 30, 1922.
Hupp Motor	1.39	7.16	....	h1	22	4.6	2 to 1	December 31, 1922.
Lee Rubber & Tire	0.06	2.47	....	2	23	8.7	9 to 1	December 31, 1922.
Mack Truck com	def.	9.94	4.34	4	78	5.1	10 to 1	December 31, 1922.
Otis Elevator	12.02	15.28	3.03	8	125	6.4	8 to 1	December 31, 1922.
Owens Bottle	1.09	4.41	1.13	3	43	7.0	9 to 1	December 31, 1922.
Pierce Arrow pfd.	def.	n	r	....	21	....	m2½ to 1	December 31, 1922.
Remington Typewriter	def.	2.77	....	....	38	....	3 to 1	December 31, 1922.
Republic Iron & Steel	def.	j...	3.65	....	49	....	2¾ to 1	December 31, 1922.
Spicer Manufacturing	def.	0.88	1.23	....	17	....	2½ to 1	December 31, 1922.
Stewart-Warner	2.19	11.23	4.36	i8	91	8.8	5 to 1	December 31, 1922.
Stromberg Carburetor	1.08	8.05	3.39	7	70	10.0	7 to 1	December 31, 1922.
Studebaker	16.10	k23.21	8.0	10	111	9.0	3¼ to 1	December 31, 1922.
United Drug	def.	5.80	....	6	81	7.4	7 to 1	December 31, 1922.
U. S. Steel	2.24	2.85	2.20	5	95	5.3	5 to 1	December 31, 1922.
Vanadium	def.	0.79	....	....	32	....	Net current assets, $3,708,529.	
Oils—								
California Petroleum	‡11.45	‡16.72	‡7.54	7	109	6.4	2¼ to 1	December 31, 1922.
Cosden & Co.	‡0.17	‡4.25	....	4	45	9.0	4 to 1	December 31, 1922
General Asphalt	def.	1.20	....	....	30	....	2¾ to 1	December 31, 1922.
Houston Oil	‡0.40	‡2.75	*1.08	....	62	....	3½ to 1	December 31, 1922.
Mexican Petroleum	26.82	63.17	....	16	270	6.0	4¼ to 1	December 31, 1922.
Marland Oil	‡1.85	‡4.44	*3.00	4	42	9.5	2¼ to 1	December 31, 1922.
Middle States Oil	*4.15	*2.79	....	f	9	....	Net current assets $2,338,081.	
Pacific Oil	4.64	3.37	0.62	2	36	5.5	2½ to 1	December 31, 1922.
Pan-American B.	12.94	11.75	3.12	8	66	12.1	3½ to 1	December 31, 1922.
Phillips Petroleum	*5.98	*13.20	*6.00	g2	48	4.2	1 to 1¼	December 31, 1922.
Pierce Oil	def.	....	....	....	3	....	2¼ to 1	December 31, 1921.
Pure Oil	§2.57	§def.	s	1.50	20	7.5	3¼ to 1	July 31, 1922.
Sinclair Consol	def.	‡3.24	....	2	26	7.7	3½ to 1	December 31, 1922.
Mining—								
American Smelting com.	def.	3.28	*3.65	5	62	8.1	4 to 1	December 31, 1922.
American Zinc pfd.	def.	0.22	*1.32	....	42	....	5 to 1	December 31, 1922.
Chino	def.	def.	0.45	....	23	....	2 to 1	December 31, 1922.
International Nickel	def.	p	....	....	14	....	10 to 1	March 31, 1923.
Nevada Consolidated	def.	def.	0.27	....	13	....	8 to 1	December 31, 1922.
Ray Consolidated	def.	def.	0.31	....	12	....	9 to 1	December 31, 1922.
Utah Copper	def.	1.03	1.37	4	64	6.2	7 to 1	December 31, 1922.

* Before depreciation and depletion.
† Dividend rate given covers regular dividends on yearly basis.
‡ After deducting depletion.
§ Year ended March 31.
b Stock dividend of 20% payable February 8.
c $2 extra paid January 20.
d Stock dividend of 25% paid December 29.
e 20% stock dividend paid February 15.
f Pays 12% in stock par value $10.
g Stock dividend of 50% and extra dividend of $1 payable June 30 to stock of record June 15.
h 10% stock dividend paid March 15.
i 50 cents extra paid May 15.
j Earned $1.67 on preferred in 1922.
k On increased stock.
l Earned $4.40 on preferred.
m After giving effect to new financing.
n Earned 0.10% on preferred.
p For year ended March 31, 1923, earned 54c a share on preferred.
q Earned $4.58 a share on preferred.
r Earned $6.66 a share on prior preference stock.
s Year ended March 31, 1923, earned $1.37 a share.

BUILDING YOUR FUTURE INCOME

A Department for the Man with His First Five Hundred Dollars

The Old Timer Makes a Statement

OUR own Old-Timer was happily enjoying an after-luncheon smoke when we burst in upon him. Around him, in his pleasantly comfortable home, were all the little luxuries a well-ordered lifetime had enabled him to accumulate. Not ornate luxuries—not over-priced oil paintings, stuffy draperies, highly-carved and spindle-legged furniture—but such **real** luxuries as a man appreciates—great, comfortable chairs, substantial and pleasantly tinted rugs, rooms "big enough to swing a cat in," as the Old-Timer himself might describe them.

"What's the excitement?" asked the Old-Timer, looking in our general direction.

"The stock market has had another break," we replied, "and I suppose a lot of our small investors are due to take losses as a result."

The Old-Timer withdrew his pipe from his mouth and stared at us in mock amazement.

"Please tell me why," he said, "a break in the stock market should necessarily mean that small investors will lose money? Far as I can see, the only ones more or less certain to lose from a break like this are the ones who try to 'get' a profit from every two-point rally, or every one-and-a-half-point decline the market has—these hair-trigger, self-styled 'traders,' who don't know anything about trading, never will know anything about it, and are beyond hope anyway you look at them. But the small investors needn't lose—needn't lose at all . . ."

The Old-Timer's voice trailed off in a dreamy sort of fashion. Knowing the signs, we immediately began operations toward extracting the idea.

* * * *

"Do you mean to convey," we asked, with just the right shade of irony, "that you will undertake to tell small investors how to prevent investment losses?"

"I don't mean to suggest more than about 60% of that," replied the Old-Timer, quickly. "But I do mean to suggest that a good 60% of the losses small investors sometimes take could be avoided."

"Well, if we could avoid only 60% of them that would be something," we replied, "What's your plan?"

"Just this," replied the Old-Timer, "Have the small investors quit buying securities because they think **somebody else** will want them later on at a higher price; have them quit trying to figure out what **other people's** opinions of security prices and interest rates are likely to be. **In place of this sort of tactics, let them buy whatever they buy only if they themselves want it now, and only if they are as certain as man can be that they will continue to want it later on.**

"You see," the Old-Timer went on, "when people try to figure out what **other** people are going to want six months from now, or two months from now, or tomorrow, they get into the realm of the absolutely uncertain. A thousand and one different factors enter into their deliberations, any one of which may warp their judgment and lead them astray. They have no really sound basis on which to form their conclusions.

* * * *

"On the other hand, get a man to buy what he buys only because he wants it himself and not unless he is humanly certain that he is going to be able to hold it himself, and continue to want it himself, and what have you? You have a man not relying on his imagination at all. You have a man not doing more than one-half of one per cent guess-work. You have a man whose purchases are based on actual, knowable, analyzable requirements and preferences.

"Such a man won't need to bother his head about little day-to-day flurries in market quotations, such as this 'break' you are talking about. He won't have bought things that little flurries are liable to hurt very much; he won't have bought without means enough to **hang on,** if hanging on is desirable, when the now-and-then reactions come. If other people don't happen to bid up for his stuff, he needn't worry. He won't have bought with the idea of selling to somebody else. He won't have bought unless he's more or less certain to be satisfied to **hold on himself.**

* * * *

"But there is a bigger factor in his favor: When a man buys something that is really and truly suited to his own purposes, as I'm telling investors to do, six times out of ten that thing will be equally well suited to other men's purposes. All men, you know, are a good deal alike. What suits one man to a T is more or less sure to suit a lot of other men equally well. Therefore, when an investor buys something that is popular with him, six times out of ten he'll have bought something that's popular with the rest of the gang. Result: Holdings like his are the last ones to be thrown on the market, and the first ones to be bought after a decline. Further result: They go up easier.

"Sum it up this way," said the Old-Timer. "**Buy whatever you buy because you want it yourself, and because you are willing to hold it yourself. Do not buy what you buy solely because you think other people will want it more. Other people, after all, are much like you, and will be more likely to want what you would be glad to retain than to bid up for what you have bought—to sell.**"

Your Insurance Questions Answered

Problems Submitted by Readers
Analyzed and Solved

By Florence Provost Clarendon

"Our Insurance Department undertakes to advise readers who make their requirements clear what types of LIFE INSURANCE policies it would seem best for them to take out and what the approximate cost and actual benefits of such policies would be.

"The department does not attempt to cover any other than the life insurance field, nor does it wish to encourage inquiries as to the relative standing of 'Old Line' companies.

"Readers who are utilizing the service of the Insurance Department (which we are very glad to extend) will facilitate the work of the Department considerably if they will observe these simple rules."

A YOUNG MAN'S PROBLEM

I have read your page with much interest since its inception and I should appreciate any assistance you can give me with my little problem. I am 23 years of age, married, no children, and graduated from M. I. T. last June. I am at present working as an industrial engineer at $1,500 a year, expecting to receive $1,800 within a month or two. My wife is also working at present.

Up to the present I have been carrying $10,000 War Risk Insurance which has not been converted. What kind of insurance do you think would be best for one of my circumstances? A friend has recommended a policy with The Mutual Benefit Insurance Company. A $10,000 policy would cost in premiums $192.30 a year at my age. The second year dividends of approximately $40.20 are paid which increase from year to year. These can be applied against premiums or left in.

If left in, several options are available. Under one arrangement, the policy is paid up in 25 years and has a cash value of slightly over $10,000 in 35 years. Under another arrangement, it is paid up in 28 years, or in 38 years the amount of policy has increased to $16,000, or a cash value of slightly over $10,000.

Can you advise me as to the standing of this company, your opinion of such a policy and the option best suited to my circumstances?—J. W. H., New York, N. Y.

I observe that you are carrying $10,000 War Risk Insurance not yet converted, and I should advise your changing this to insurance on the Ordinary Life plan at an early date. You will remember that Government Insurance is issued at a low rate, being *net* premiums without any charge for administration expense, etc., since these charges are borne by the Government and the insurance issued as a reward for war service to the country. Moreover, the policies participate in any annual dividend distribution, which would thus further reduce the cost.

The ordinary life form is advised in such cases because it is the cheapest form of *permanent* insurance, and because the Disability Benefit in the War Risk Policy is not only operative up to age 60, but *throughout life thereafter.* Physical disability is so apt to occur after age 60 or 65, that the private companies could not undertake to offer the Disability Benefit at those high ages. The Government offers it as a form of pension for war veterans. In carrying an Ordinary Life Policy on the War Risk form, you would only be called upon to pay premiums so long as you are physically fit to earn a living; thus, if your earning ability ceased through physical disablement *at any time* during the life of the contract you would not be necessitated to continue premium payments.

It is an excellent plan to take out as much insurance protection as can reasonably be afforded at a young age, since the premium rates are lower, and it is usually easier to pass the medical examination at this period of life. I would therefore advise your increasing your insurance protection. The Mutual Benefit Life Insurance Company is a well known "Old-Line" institution, and will doubtless give you a satisfactory contract and meet all its obligations promptly.

The $10,000 policy at a premium rate of $192.30 which you outline is apparently their Ordinary Life form. I would not advise your taking that type of policy since (disregarding dividend options offered) it necessitates your paying premiums throughout life. A 30-Payment Life Policy would cost a little more annually, but all premiums would be paid up—if taken at age 23—when you are 53 years of age, this condition being guaranteed. The policy would cost about $233 annually for $10,000 of insurance. Cash, loan and surrender values, as well as dividends, are all higher under this plan; or you might even take a 35-Payment Life policy at a premium between the two.

It is not wise to place too much reliance on any estimate of future dividend distributions, since it is always possible that some unexpected condition may arise which will necessitate a decrease in the annual allotment of surplus. Many companies paid smaller dividends as the result of the Influenza Epidemic.

Of the options mentioned by you, I would recommend your applying your dividends to the purchase of paid-up additions to the face amount of the policy, thus increasing the amount of the insurance protection for your beneficiary.

"JOINT LIFE AND LAST SURVIVOR"

I would like to know if the large insurance companies will give an income on $5,000 placed with them on a joint policy income to be paid to myself until death and after to be paid to my wife until she dies and at the death of both, the principal to be retained by the insurance company. Kindly let me know if a policy is issued similar to the above and approximate yearly income.—My age is 46 years, wife 37 years.—T. F., Huntington, W. Va.

A joint income payable to yourself and wife, and to the survivor can be purchased from a life-insurance company along the lines you indicate. This form of income or annuity, is usually known as "Joint Life and Last Survivor," and there is in such case a direct purchase of the income, with the purchase price paid to the life-insurance company in a lump sum at the time the contract is made.

There is some variation in the cost in different companies, but the most favorable rate with which I have come in touch on such matters is from a well known "Old Line" life-insurance company in which at the ages given (46 male and 37 female) $5,000 would purchase an annuity of $256.67 during the joint life of the annuitants and the survivor.

Quite frankly, I think you and your wife are somewhat young to find this form of protection advisable. The returns from an annuity are more interesting at older ages. In your case, you will see that the annual payment is just a little over 5%. Of course, one benefit which an annuity has over an investment in long-term bonds is that the annuity payment is exempt from income tax until the amount of the annuity payments received equals the principal invested in the purchase. Then again, the security of a first class "Old Line" life-insurance company is better than that of most bonds.

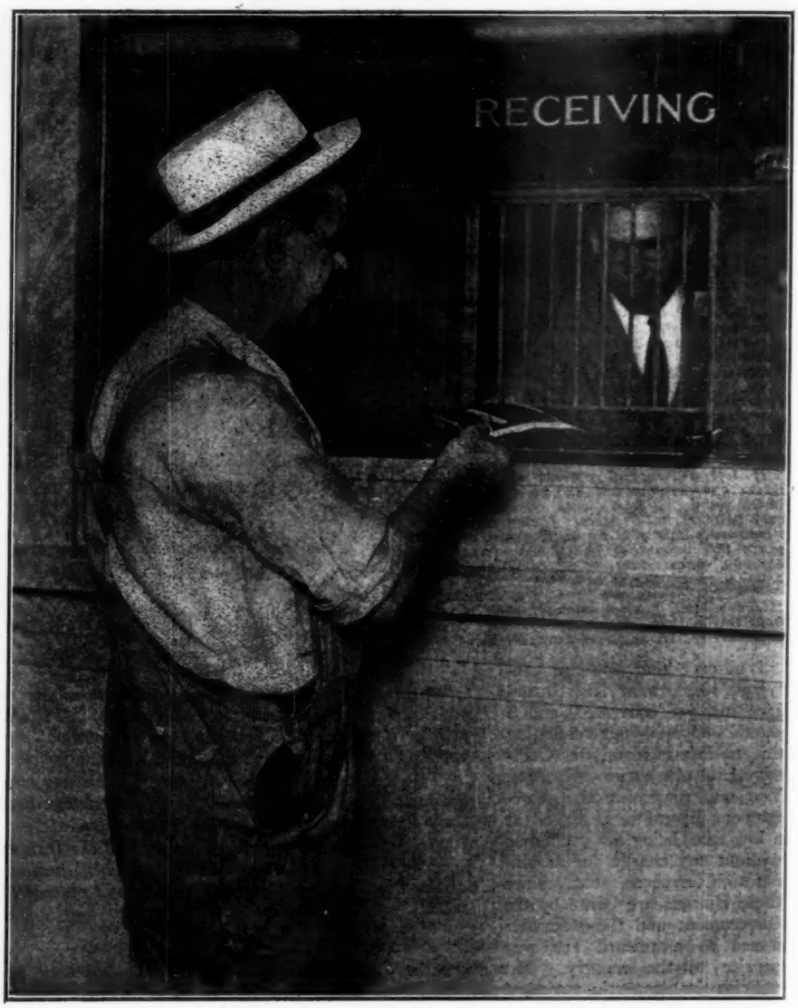
I would suggest that instead of taking out the Survivorship Annuity now, you take out Endowment Insurance maturing in 20 years. At the maturity of the Endowment, you could invest the money much more advantageously in an Annuity as above outlined. For instance, if you took out a 20-Year Endowment policy for $5,000 the amount of the annuity which could be purchased at its maturity (when you would be 66 and your wife 57) on

(Please turn to page 357)

Why I Use the Savings Bank

A Straight-from-the-Shoulder Statement of an Honest, Personal Conviction

By A Worker



I USE the Savings bank in all my financial affairs. Maybe it's because *my* Savings Bank is willing to do more for its depositors than other institutions of the same sort, although I doubt that. Maybe it's because I'm lazy-minded, too slow to appreciate the more extensive services (so they say) offered by other institutions, although I doubt that, too. Or, maybe, it's because I'm an average American and have all the traditions of the average American, than which there is none stronger than the Savings Bank tradition. At any rate, whatever the reasons are (and whatever they are I consider them good enough), the Savings Bank is, has been, and, so far as I can see, always will be my financial headquarters.

I use my Savings Bank, primarily, of course, as a "good, safe place" in which to keep the money I manage (somehow) *not* to spend. I started using it for this purpose twenty years ago. And I had a very good reason for choosing it. Everywhere else I looked they wanted me to *start off* with a lot more money than I had. They'd sneer at a five-dollar bill, for instance. Or they'd say, "Here—if you'll promise to deposit a certain set sum every week for a period of time, we'll take your account."

In other words, they'd either want me to start off with more than I had, or else they'd insist on my undertaking to turn in more than I could be sure of not needing. But when I went to my Savings Bank and talked things over, it was all different. They told me I could start off with as little as a dollar, if I liked, that I could add to that dollar, when, as and if I liked. *And they acted as though they were darned glad to have me begin with a dollar.*

I use my Savings Bank, next, for investment purposes. They pay me 4% interest on what they hold for me—and that's something. But they do more than that for me: When my account gets up to a certain total (that I always keep aiming toward) and I begin to wonder how I can best use the money, the President—yes, I said *the President*—takes me into his private office and tells me just what the investment market offers. AND HE DOESN'T STOP THERE. He shows me how to get what I decide to buy. He supplies me with a safe place to keep it in. He talks over my holdings from time to time, helps me revise them, as I have learned to do, when conditions change.

I used my Savings Bank in connection with buying my home. I'd been a depositor of theirs for just four years when I decided to be my own landlord. If it hadn't been for their help, I'd be paying rent still, probably—and present-day rent, at that. But their mortgage man took me aside, when I told him of my ambition, went over property values with me, showed me how to finance a home-buying enterprise; and, when I knew what I was doing and was ready to go ahead, he got the mortgage money for me.

I use my Savings Bank in connection with my business. Not directly, but indirectly: Five times, now, since I opened up my shop, I have wanted to enlarge it. Five times I have needed to borrow money in order to enlarge it. AND FIVE TIMES, IT HAS BEEN MY SAVINGS BANK RECORD AND THE GENEROUS COOPERATION OF MY SAVINGS BANK'S OFFICERS THAT HAVE ENABLED ME TO SECURE THE LOANS I NEEDED.

I said at the beginning that I use the Savings Bank in *all* my financial affairs. I want to amend that, in one respect: I do carry life insurance, and, of course, I didn't get that through the Savings Bank. And I do, regularly, buy a few bonds through a reputable investment banker.

Just the same, it was the Savings Bank people that got me to take out my first life-insurance policy. They showed me, entirely aside from the protection it would provide for my family, just what life insurance would do for my personal credit standing. I took life insurance out on that basis, and I've not regretted it yet. As for the Investment Banker I "patronize," it was my Savings Bank that helped me select him.

I have only one thing against the Savings Banks: They don't seem to get their message across to everyday people, like yours truly, as I think they should. People think institutions of this kind are dry-as-dust places, presided over by a lot of senile philanthropists whose sole effort it is to discourage progress. As a matter of fact, the American Savings Bank is one of the most vigorous institutions in our modern life today. It comes very near to being the Heart that pumps the life blood through our industrial and financial organism. When a man connects up with a Savings Bank he gets behind him as powerful a factor for good as this country, or any country, has ever seen, or ever will see.

Have You a Little Budget in Your Home?

A Two-Part Story, by
Readers of The Magazine

"It Has Helped Us Get Somewhere"

By R. E. R.

DO you ever read "Mr. and Mrs." by Briggs? A recent picture showed "Joe" proposing a budget to "Vi." She has a good laugh. "Every year for the last ten you've been going to save," she reminds him. "I always can tell when it's Spring. You always want to get up another family budget." Joe surrenders.

True to life, isn't it? But we have found the budget no laughing matter. It has helped us to lay our plans to get somewhere. And the record of expenditures tells us how fast we are getting there. **For us the budget has made saving a family game.**

Of course we have not been married ten years—only two and a half. But we are strong for the budget. Let me say it with figures:

	Income	Expenditures	Saved and Invested
1921..........	$4,000	$3,294	$706
1922..........	4,350	3,552	798
1923*..........	1,332	885	447

* 3 months.

So you see we have not allowed larger expenditures to consume all our raises in income. Percentage saved and invested:

1921...............	17.6
1922...............	18.3
(First quarter) 1923...............	33.5

Believe me, I'm "knocking on wood."

Looking Ahead Ten Years

At this rate, we ought to have a pretty good little estate at the end of the first ten years of married life. The budget system will receive a large share of the credit.

Budget books are fairly easily obtained. Perhaps your local bank can supply you with one. Even if you have to buy one at the stationery store, it is well worth the price, plus the slight expenditure of time required to make the entries.

You will find that paying by check makes budget-keeping easier. You can then enter the larger expenditures at your leisure from your stubs. Thus if you forget anything, it will be only a small cash expenditure.

The budget book, once started, requires about three minutes an evening except on the last evening of the month. Then about a half hour is consumed in totalling up and making comparisons.

The most important comparison is your total spent in each division with your corresponding budget totals—amounts you planned to spend.

Another interesting comparison, after you are a veteran, is to see how May 1923, for example, "stacks up" with May 1921 and May 1922.

The first step of course, is making up your budget. It is well to keep an expense record for a month or two to get a line on what you can do. We did this for the first three months of our married life before we attempted to make a budget. This made it handy, because it brought us to January First. **But don't wait till New Years Day for your start. Today is a good time to make the resolution. And on the First of July will be a good day to start your budget.**

Don't Aim Too High!

Don't set your "saving and investing" mark too high. It's discouraging to spend more than you figured each month. Allow yourself a margin.

We figured our latest budget on the basis of last year's salary. Your humble correspondent was pretty sure of a raise. But, at that time, the last week in December, we did not know how much it would be. So we adopted figures for the smaller income. The raise came through O. K., but we left our figures unchanged. Therefore, as we now spend according to our budget, we save considerably more than we calculated. If we exceed our spending budget by $40 or so, we still can equal our "saving and investing" figure.

How much should you save? Of course it depends on many things—the size of your family, the town where you live, the nature of your occupation, and so on. In general, I have the temerity to state that the average reader of this Magazine should save at least 10%. You can do it, if you really try. Put your will power into the gymnasium and induce the rest of the family to do likewise. It's great sport—and profitable.

As to how you should apportion your expenditures under the various budget headings, that is something each family can best work out after the trial period mentioned. Your budget book, somewhere in its preliminary pages doubtless has a suggested budget apportionment for various sized incomes. Study it. A bond house that advertises quite extensively has recently included a suggested budget in its advertisements. Your banker, too, may be able to help you.

One More Suggestion

One more suggestion: Refuse to take that budget program too seriously at first. Don't try to make your budget book balance every month with your cash on hand, your bank account, and so on. What's the difference if a $10 mistake does creep in occasionally? It will not be money out of your pocket. To get to operating under the budget principle is the main thing. Grow into it.

Make it as easy as you can for yourself and persevere for three months. After that you will be a real budget fan. You will begin to enjoy discovering and stopping up the little leaks that have delayed your financial progress. Your wife will not laugh. She'll be a budget fan too.

Let us make this a good year, financially. Get that eye opening budget book and shake hands with a larger income.

"Here's the Record of My Results"

By S. K. T.

MUCH has been written on the subject of budgets for the family of two, three or four or more in number. As I have never seen anything written on the subject of a budget for the young man of such a family, I am going to give the results of such a budget in my case. Of course, no figures can be given that will apply in every case. The figures that I will give, may, perhaps, furnish an idea to the young man who wishes to establish such a budget.

I have had to earn my own way since I was old enough to do anything that would enable me to earn money, as my father died before I was two years old. In 1904 I was helping my brother with a paper route.

My mother started me early on the path to keeping account of my money, and I have now kept a cash account for a good many years. My earliest records show that I bought an overcoat for five dollars in December, 1906, and I have bought all my own clothes and furnishings since then. Perhaps this necessity for taking care of my money has made me more aware of its value than the boy who has had an allowance or who has been able to go to his father for money when he wanted to buy anything.

My present budget is as follows:

Board	33.33%
Savings	41.36%
Clothes	6.53%
Insurance	3.13%
Miscellaneous	15.65%

Board:—Since I have been earning a definite amount I have always turned one third over to Mother as board. My brother and sister also pay board so that now Mother is able to save and make investments for her own account. While she was bringing us up she had a mighty hard time making both ends meet.

Savings:—This may look like a large percentage but as almost 10% is deposited to a special account to meet the yearly

(*Please turn to page 363*)

If Every $100-Bill Could Earn a Sure 6%

How Small Investors Might Build Up Their Financial Fortunes

IF you could take every hundred-dollar bill you managed to keep from spending down to some imaginary investment center, and be sure of finding there an opportunity to invest that hundred-dollar bill in some security that would produce a return on the investment of 6% annually, without undue risk, the difficulties you now encounter in building up your income would diminish considerably—wouldn't they?

For example, suppose you followed that "Evening Up" plan this Department suggested some time ago. Remember it? In case you don't here's a brief description of it: The purpose of the plan was to enable the Investor to keep *all* his investment funds working *all* the time. To accomplish this end, ways and means were devised, based on the $100-bond (or $100-stock, for that matter) idea, wherein, during every year from the time of starting out, the Investor saved some multiple of one hundred dollars. During every year, too, he would save all interest-monies derived from existing investments bought under the Plan. Finally, he would save *additionally* enough cash to bring the total interest receipts up to a round hundred dollars (or multiple thereof), this last being the "Evening Up" feature. At the end of each year, then, he would always have a round sum of money ($100, or multiples) available for investment.

HOW MUCH YOU WOULD INVEST

At the End of This Year	The Amount of New Capital You Would Invest Would Be	The Amount of "Interest From Invested Capital" You Would Invest Would Be	The Total Amount of Your New Investment Would Become
1st........	$100	...	$100
2nd........	194	$6	200
3rd........	182	18	200
4th........	170	30	200
5th........	158	42	200
6th........	146	54	200
7th........	134	66	200
8th........	122	78	200
9th........	110	90	200
10th........	198	102	300
11th........	180	120	300
12th........	162	138	300
13th........	144	156	300
14th........	126	174	300
15th........	108	192	300
16th........	190	210	400
17th........	166	234	400
18th........	142	258	400
19th........	118	282	400
20th........	194	306	500
Total......$3,044		$2,556	$5,600

The Purposes Served

By this Plan, it was thought, certain desirable purposes could be served. First, the investors, at the end of each year, would have a rounded sum of money available for investment, instead of an odd sum, thus increasing his chances of securing a relatively good rate of interest. (Obviously, odd sums of money cannot so easily be invested at a good rate of interest as can multiple-hundred sums.) Secondly, the problem of reinvesting income—a particularly difficult problem for small investors to solve, since income from their holdings is, generally, correspondingly small—was at least partially solved by the "Evening Up" process, whereby just enough *new money* is added, at regular interest intervals, to bring the Annual Interest Income up to a round sum. Thirdly, the plan offered a means of preserving the Income Builder's independence of action. It did not tie him down to any form of special-payment contract of such sort as, in however small degree, might restrict his field of operations, or else might measurably reduce his interest-income. He could buy what he pleased where he pleased and, in large measure, when he pleased under this plan, whereas special limitations might enter in under other methods of procedure.

The Results Attained

Having redescribed the evening up plan, let us go back to our original question: Suppose the hundred-dollar investments were always available, and you followed this plan, what progress would it help you make? It would enable you to pile up, on an average investment of $160 a year, the sum of $900 in five years, or, on an average investment of $1,600 a year ($130 a month) it would enable you to pile up $9,000 in five years. In 10 years, although your total investment of new money in each year would always be less than $200, your capital would have grown to $2,000. In twenty years, if we want to look ahead that far (is it so far?), and under the same conditions, your never-more-than-$200-a-year would have grown to $5,600, and your never-more-than-$2,000-a-year would have grown to $56,000!

The details of the plan are brought out in the accompanying tables, which tables are based on that $200-a-year maximum. If you wish to regularly save and invest more than the tables cover, you can forecast your results by using the tabular figures as your basis.

Fortunately, it is largely possible for a small investor to get 6% on his savings, at least a good part of the time, in hundred-dollar lots. Bonds sponsored by some investment houses of the oldest and most honorable sort are now being offered to yield from 4% to 7%, and considering the standing and reputability of the houses of issue, in many cases, there seems little doubt that excellent 6% investments could be found among them. Then there are mortgage bonds (be careful to note the qualifications) which, when purchased through houses of long standing, whose records and resources are known to be ample, are certainly worthy of confidence. In addition, the wide-awake investor, who keeps informed and who is always abreast of the times in the investment world, can now find quite a few very high-grade securities, either listed or dealt in over-the-counter to yield him a 6% return.

Of course, it is not claimed here that it will always be possible to obtain 6%-and-safety when the re-investment period rolls around. Neither, obviously, need it always be possible to secure 6% issues available at multiple-hundreds cost. But this Department sees no reason why hundred-dollar securities of the necessarily safe variety should not be available a sufficient majority of times to permit averaging 6% on the total capital and insure one's attaining such results as those offered under the arbitrary plan we have outlined.

HOW YOUR INVESTED CAPITAL WOULD GROW

At end of this year.................	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
You would have already invested, at 6%, the total sum of.............	...	$100	$300	$500	$700	$900	$1,100	$1,300	$1,500	$1,700
Which, during the year, would have produced, in interest, the sum of...	...	6	18	30	42	54	66	78	90	102
Giving you a total of...............	...	$106	$318	$530	$742	$954	$1,166	$1,378	$1,590	$1,802
To which you would add the "regular saving" of	$100	100	100	100	100	100	100	100	100	100
Plus an "evening up" deposit of....	...	94	82	70	58	46	34	22	10	98
Giving you a grand total, principal and interest, or an aggregate capital, which you would immediately reinvest at 6% of................	$100	$300	$500	$700	$900	$1,100	$1,300	$1,500	$1,700	$2,000

At end of this year.................	11th	12th	13th	14th	15th	16th	17th	18th	19th	20th
You would have already invested, at 6%, the total sum of.............	$2,000	$2,300	$2,600	$2,900	$3,200	$3,500	$3,900	$4,300	$4,700	$5,100
Which, during the year, would have produced, in interest, the sum of...	120	138	156	174	192	210	234	258	282	306
Giving you a total of...............	$2,120	$2,438	$2,756	$3,074	$3,302	$3,710	$4,134	$4,558	$4,982	$5,406
To which you would add the "regular saving" of	100	100	100	100	100	100	100	100	100	100
Plus an "evening up" deposit of....	80	62	44	26	8	90	66	42	18	94
Giving you a grand total, principal and interest, or an aggregate capital, which you would immediately reinvest at 6% of................	$2,300	$2,600	$2,900	$3,200	$3,500	$3,900	$4,300	$4,700	$5,100	$5,600

If I Were Building —or Buying— a Home

1.—How I Would Select My Site

By Jason Thomas

I'M not going to tell you just exactly what my business is. It isn't necessary for me to do so. I would like you to know, however, that my business does bring me in personal touch with home-builders and home-buyers of many kinds and varieties. Hence, I have a pretty good idea of the virtues and foibles of the race when it comes to home-owning projects.

And, in case you're thinking of building or buying a home, I'm going to tell you about a few of the foibles I've come in contact with. Perhaps it may help you keep out of trouble.

Selecting the Site

You might imagine that the first thing any intending home-owner, whether he's going to build or buy, would do would be to satisfy himself as to the value, present and prospective, all things considered, of the location. You might assume that the average owner-to-be would make the business of selecting his site the chef-d'œuvre, the biggest part of his planning. It would seem perfectly plain to anyone who stops and thinks that, no matter how attractive and well-arranged the house he builds or buys happens to be in itself, its *livableness* from the domestic standpoint and its *merits* from the investment standpoint will depend, at the rate of about 60 points out of every 100, upon its location and surroundings.

And yet, it is simply amazing how many people treat the matter of location as a sort of secondary consideration.

I can give you a concrete example of this in the shape of a middle-aged couple with whom I came in contact *after* they had built their new home. The man of the house I met about two months after the conventional tree-branch had been hung from the topmost rafter—in other words, two months after the framework had reached its highest point. He was full of his project—indeed, like most new-home owners, he could talk about nothing else. He showed me his cost-sheet, complete, made me pore over the plans with him, and finally insisted that I drive out with him and see the completed structure.

An Amazing Selection

I knew what to expect so far as the building itself was concerned, having seen the plans and the costs, and, incidentally, being familiar with the high character of the building contractor he had been wise enough to select. I looked forward to seeing a fine Colonial brick house, set well back from the roadway, reflecting in every inch of it, inside and out, the forty thousand dollars that had been expended in completing it.

I didn't know what to expect in the way of *location*, however, as I was not very familiar with the district he had settled in.

You can imagine my amazement, then, when we arrived at the dwelling-place and I found that this beautiful new forty thousand dollar Colonial home had been erected (1) not two hundred feet away from a high school, (2) across the street from a group of squalid, dingy buildings, and (3) on a public highway which had neither been paved nor sidewalked!

Well, you know how it is with a man that's just finished erecting a home: His happiness over getting the job finished, the new thrill he derives from walking through the place and calling it "my own," and all that sort of thing, blind him, temporarily, to any possible defects. He's a child with a new toy. Under the circumstances, nobody but a congenital spoil-sport would be willing to say anything that would dampen his enthusiasm, or cast shadows of doubt over his happiness, or unsettle his confidence, no matter how great the provocation. And so, I didn't say anything to him about the drawbacks I had noticed regarding the location, figuring that the kinder plan was to enthuse with him over the good points and let him find out the other kind for himself, gradually.

The Disadvantages Become Known

The disadvantages of the location made themselves known, all right, and all too soon, as is generally the case. In a manner of speaking, they made themselves known twice over. The disadvantages first became apparent from the *livableness* standpoint, after the couple had been in their home for a few months. I needn't rehearse them here. Later, under particularly unhappy circumstances, they made themselves known from the *investment* standpoint: The man of the house died, the house had to be put on the market, the incongruous location ruined any appeal it might have had as a brick Colonial home even at forced sale, and it went for a song.

Such actual examples as these could be cited by the dozens, even from my own experience, which is why I devote so much space to talking about location-choosing here.

Can Rules Be Drawn Up?

I doubt whether any set of rules could be drawn up to protect people against a poor selection of sites. There are so many factors to consider; what's more, rules that would apply in one community might not apply at all in another. If I *had* to make some practical suggestion, though, the one that would appeal to me as the simplest and having the most general application would be as follows:

In selecting a site for your new home, or in buying a home, judge the location from the standpoint of (1) *immediate livableness;* (2) *prospective community improvements (sidewalks, roadways, sewers, etc.); and* (3) *ultimate development and value-trend.*

"Immediate Livableness"

Explaining item (1): By *immediate livableness,* I mean to convey the location and surroundings of the home at the time of its purchase. Who and what will the neighbors be? What public institutions, if any, are located in the near vicinity? Will the home you are to erect, or does the home you are buying, clash with the other homes in the same section—will it be, or is it—"out of place," an incongruity, or will it fit into the surroundings as every home should? Two good eyes, and a little quiet research will equip any able-minded

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THIS IS THE FIRST—

—of a series of practical articles to appear here, dealing with the problems of home-building and home-buying. It is believed that, in each article in the series, the intending home-owner will find a very pointed suggestion or warning that will help him "keep out of trouble."

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individual to determine these facts, if he will only accept their importance and make a point of investigating.

"Prospective Improvements"

As for (2) *prospective community improvements:* By that I mean either the likelihood or the possibility of any improvements being required in the locality you are entering, which improvements, when effected, would add to your carrying charges. This matter of community improvements I am going to talk about later on, but I'd like to go on record right here as to its overtowering importance.

"Ultimate Value Trend"

Under (3) above, the *ultimate development and value-trend,* is intended to refer to the investment qualifications of the property. It involves a multitude of subsidiary factors. It is supposed to suggest the question, "Will this home you are going to own be worth more ten years from now than it is today, or will it be worth less?"

Mighty few "laymen" are equipped to answer this last question about prospective value. The average man may—and probably does—think that he knows just as much about real estate as anyone in the real estate game. He may hold that he is just as well qualified to draw conclusions as to the trend of values as anyone else. But experience—that unpleasant affair that delights in shattering things mortal—won't bear him out. Real estate is a special study, *as real estate;* houses are a special study, *as houses;* locations are a special study, *as locations.* And for every one buyer who makes a lucky guess as concerns value probabilities in the realty world you will probably find a hundred or so who go wrong.

If you agree with what I have said just above, there remains but one course for you to take in connection with Item (3). That is to base your conclusions, as to the selection of your home site, not upon your own snap judgment, but upon the best advice you can obtain from people in a position to know. In the front ranks of "people in a position to know" I would put the banker, or the building and loan official, who helps you with your mortgage arrangements. Such persons will have something at stake in the matter of your home-owning project, and it is, therefore, probable that their advice will be more impartial and helpful than that of most anyone else.

(In the next issue, the writer will discuss the dangers of buying unimproved real estate, and how to guard against them. He will also be glad to answer any questions readers of THE MAGAZINE OF WALL STREET wish to send him.)

Points for Income Builders

Definitions of Some of the Heard Steel Trade Terms

THE last issue of this department was given over to defining a few of the more frequently heard terms used in the oil trade. It may now be of interest to go into the steel trade and define a few of the more frequently heard terms used there—such terms at least as are of significance to the investor. Among these one of the most important is—

Unfilled Tonnage

The steel trade, of course, does not operate on a day-to-day basis. On the contrary, orders are accepted by a steel corporation subject to delivery many months in advance. Thus, the industry under normal conditions constantly has a certain amount of new business on its books which will be met when facilities permit. This "new business," or business not yet handled, is measured by the amount of tonnage it involves and is lumped together under the term of "Unfilled Tonnage."

There is one company in the steel industry in America which may be said to be the *dominating factor* in that it controls a very large proportion of the entire industry. That corporation is the United States Steel Corporation—the massive organism which was held to be more "water" than "corporation" at the time of its formation, but which long since became recognized not only as very nearly the most strongly bulwarked organization of its kind in the world, but also a model of industrial efficiency.

In view of this corporation's commanding position in the industry and the great preponderance of the steel business of the country which it handles, the state of its affairs is naturally recognized as an index of the affairs of the steel industry as a whole. For this reason, the figures on "unfilled tonnage" which are published periodically and which are looked upon as an index of the steel industry as a whole, are actually nothing more nor less than *the unfilled tonnage figures of the United States Steel Corporation.*

Much more could be said about these unfilled tonnage figures than there is space for here. For example, one of the really interesting studies of industrial finance is the ebb and flow of advance steel orders as measured by these tonnage figures—an ebb and flow which, over the period of time since the steel corporation was formed (1901), has followed an amazingly consistent course. Also to be considered would be the misapprehensions which the unfilled tonnage figures can, and sometimes do, cause. Investors occasionally forget that unfilled steel orders are subject to cancellation and, not allowing for this possibility, are led to place too much confidence in the immediate future of the industry as indicated by the unfilled tonnage figures.

On the whole, however, the unfilled tonnage figures have become properly recognized as about the best index of the steel business that can be had and deserve to be carefully watched by alert investors.

Processes and Products

The investor who stops to think it out will of course realize that the output of the steel industry is not confined to any one single product. As a matter of fact, there are a great many basic products manufactured in the great steel plants of the country each one representing more or less a specialized branch of the industry.

To give an idea of the nature of some of the products, and the processes involved in their manufacture, it may be interesting to trace the operations of a typical small steel plant. This plant starts operations at one end of a string of units, where are piled the raw products necessary to steel manufacture including slag, limestone, coke, etc. These raw products are then thrown into the

Blast Furnace

—where they are subjected to so intense a heat that all the constituent parts are fused together. From one side of the blast furnace, so to speak, a portion of the impurities which existed in the raw materials run out into dump piles. From another "side" of the blast furnace there issues the fused materials in a comparatively pure form which, when allowed to cool, become massive blocks of semi-finished steel known as—

Pig Iron.

These pig-iron units have a certain average weight and specific gravity and are known as *ingots.* The ingots are then sent into the next unit of the plant known as the—

Open Hearth Furnace

—where they are again subjected to intense heat for the purpose of further purifying them. This more nearly finished product is then sent from the open hearth furnace to the —

Rolling Mill

—where once again it is heated and then, while still in a malleable condition, is squeezed into various "shapes" or "plates" or "sizes." The product of the rolling mill, in other words, is the manufactured steel, practically free from impurities, made into various shapes and sizes both for the purpose of facilitating handling, and also with the ultimate form into which it is to be compressed in mind. From the rolling mill the manufactured steel then goes to the last unit in the plant known as the—

Finishing Mill

It is at the finishing mill that the manufactured steel is turned into the steel article for which there is a demand. Among the steel products manufactured at the finishing mills may be cited: steel rails for use on the railroad lines, trolley lines, branch and switch transportation lines of the country; bars and beams, joists and girders and other steel products used in erecting the skeletons of great office buildings and industrial plants; wires and nails whose manifold uses need not be specified here.

School for Traders & Investors

Eighth Lesson

Studying the Forces That Move the Stock Market

WHAT are you chasing in Wall Street, Live or Dead Motion? It is a vital question and if you do not know, you should. If the first, you are a Newton, a thinker; if the second, a mere trailer, a "sucker." If the first, you buy on the "dips"; if the second, on the "bulges"; and that, you at least know, makes a difference.

You would not think a man very wise if you found him constantly "bucking" the law of gravitation, instead of following it, would you? But, if he kept on fighting it without making any attempt to find out whether it *was* a law he was up against, you couldn't help but think that he was a poor student at least.

Have you stopped to think that this so-called "buying on the bulges and selling on the dips" is but a simple manifestation of one of the mightiest laws in the universe, the law of motion?

Live and Dead Motion

Look at this thing a minute; the old scientific division in the law of motion is Dynamic and Static. The new, philosophical division is Live and Dead. The difference, as applied to the stock market, is just this: What the universe is doing all about you that you *cannot now see*, is live motion. What it has done, and is now doing, that you *see and know* is dead motion, so far as you are concerned.

What crops, business, money, politics, etc., will be next year, or twenty years hence, is now in the invisible making, that is live motion. What they are today, that you know, and it is dead motion.

What does this mean, in the last analysis? It means that buying on the bulges and selling on the dips is not an act peculiarly applicable to or characteristic of Wall Street, not a personal defect of your own judgment, but an infinite law of the universe characteristic of man's every breath of life.

The fact is, man is ever looking back to see ahead. It is an impossibility for man to see ahead in anything except by looking back. He cannot tell you that distance, that weight, that time, that estimate, that direction, or that chemical affinity until he goes back and gets his tape, his scale, his clock, his tables, his compass, or his formulas. That means that all his definitions, formulas, scales, dates, rules, are dead motion.

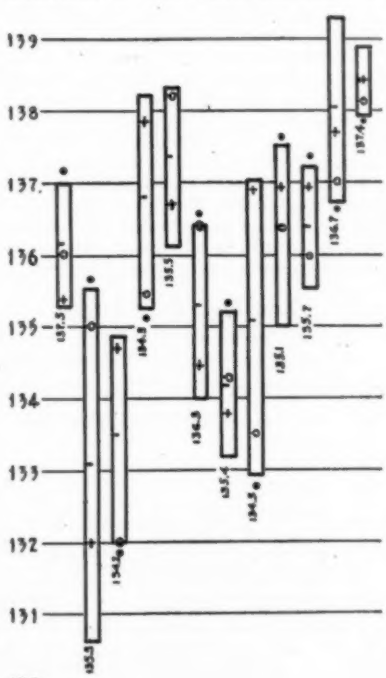
The Staff in Life

The best that we can do now in banking, government, commerce, politics, is to make a shrewd guess, to read between the lines, to peer and crane into the darkness ahead, waiting on the dead motion of the crop report, the dead motion of the clearing house returns, the dead motion of iron and steel reports of exports and imports.

Man's only staff through life is dead motion. He cannot see to put exits on his theatres or school buildings, or inspection on his steamboats, railroads, banks and insurance companies, until the loss of life and treasure has frightfully shocked the community. Man cannot see tomorrow till it becomes yesterday. He is forever shutting the stable door after the horse is stolen.

We All Do It

You have no right to hurl imprecations at yourself as being a blockhead because you always "buy on the bulges," or to assume that you do that only since you went into Wall Street. To a great extent, you always have done so, in your every act. To a great extent, you always will. Everybody, in Wall Street and out of it, always does so. In a sense, Morgan himself can buy only a dead motion, for he has to study past conditions, present values, and the technical situation, before he can go ahead.



- Days Average
-o Opening Quotation
+ Closing Quotation
• Indicates High or Low came first or last as above or below column for day
Figures below column = 3 days average.

The practical question is, how can you so formulate the laws of dead motion as to calculate from them the direction and velocity of live motion?

The surveyor arrives at an unwieldy product by means of his table of legarithms. The civil engineer solves an otherwise insoluble equation by using the differential calculus. The builder reckons the strength of materials from tables into which have been condensed the results of thousands of tests with other similar materials. The bridge-builder knows from his studies the difference in strain between the freight train which creeps upon his structure and the passenger train which dashes upon it like a falling body. The artillery officer figures out the striking power of his projectile from the initial velocity, weight, and distance traveled. And so on throughout the whole range of science and industry.

Everywhere, live motion, or future motion, is calculated from dead motion, or past motion.

An Infant Science

Do you mean to tell me that the stock market is the only exception? On the contrary, let me tell you that there is not a single element which contributes to the motion of prices in the market, that cannot be weighed, measured, computed, or analyzed. We are learning now how to calculate many of these factors. Others are still beyond our reach. But that all the essential elements of the problem will eventually be worked out in the form of scientific laws is a *certainty*, if the earth continues to rotate.

The study of live motion in the stock market is a science in its infancy. It was not so long ago that the physician bled his fever patient, shut all the windows, and refused him water. What would George Washington have said if he had suddenly come upon an aeroplane in flight?

The man who refuses to open his eyes to the possibilities of scientific study of the stock market puts himself on an equality with the Indian in his birch bark canoe who refuses to believe in the *Mauretania*.—C. W. D.

* * * * *

This reminds us of an article which appeared in this Magazine some years ago in which a well-known architect suggested

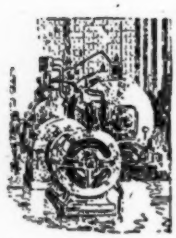
(*Please turn to page* 362)

Public Utilities

Position and Prospects of Leading Public Utility Securities

A Practical Guide for Investors

By JAMES N. PAUL



CONTRARY to what had been expected earlier in the year, earnings of public utility companies are showing marked improvement over those of a year ago. A few months ago there had been a general expectation that rising commodities prices would be sharply reflected in lower earnings for these companies this year compared with 1922, but this is not the case if the reports of the various companies for early months of 1923 are used as a criterion. Practically all of them are showing good gains over a year ago in both gross and net earnings.

Admitting that operating costs now are higher than they were a year ago, the answer to the fact that net earnings are increasing is found in better control of operating expenses coupled with rapidly expanding gross.

Power Shortage?

Statistics from the different states indicate that this country today is verging on a power shortage, with practically all companies straining finances to expend funds for development of production and distribution facilities. This condition prevails not only in the large cities but in the less populous territory. The particular interest in this condition, is obviously in the effect on future earnings. To any one interested in securities of these companies, what is more to the point, it seems to indicate that a favorable situation will confront them at least for the next year or more.

A Diversified List

It is not the intention to urge purchase indiscriminately of securities of public utility companies, but the accompanying tables have been compiled as offering suggestions to those interested in securities which have possibilities from a speculative angle and at the same time give reasonable security for the investment.

As the yields shown indicate, if one was to go out and look for investments of the highest type, these suggestions do not apply for the tables are designed as offering some element of speculation.

Among the list of bonds, the Pennsylvania-Ohio Power & Light secured 8s, of 1930, selling at 104, offer a good yield and at the same time afford exceptional security of investment. Appalachian Power Co. secured 7s, of 1936, selling at par, should be an extremely attractive investment as showing a straight 7% return with no possibility of having the issue called. The issue does not give the company a call privilege.

In the list of preferred stocks, Appalachian Power 7% stock shows a good yield. The 6% issue of Consumers Power Co. seems to have possibilities as earnings are showing marked improvement. Philadelphia Co. preferred stock is a well secured issue with a record for the common stock of having never missed dividends for more than 30 years.

Space would not permit of outlining the activities at length of all companies mentioned. Attempt is made here to set out the situation to date on a few of the companies which have been showing developments and which have been in the public eye recently.

The present uncertain state of markets for securities seems to make caution in purchase of stocks or bonds advisable but at current prices, the stocks shown generally indicate considerable decline from prices earlier in the year. Meanwhile, earnings are showing good improvement.

Two Speculative Issues

It will be noticed that in the accompanying tables among the suggestions on investments in common stocks, there are two issues which at the current market prices show a yield of less than 7%. These are People's Gas Light & Coke stock which at 90 shows a yield of 6.6% at the current $6 annual dividend rate and Philadelphia Co. common stock which at 46 shows a yield of 6.5% on the $3 annual payment.

Both these issues are included even though yield at present is small compared with the other issues because for junior stocks they are exceptionally good issues and, in addition, offer good possibilities for increased dividend payments. Philadelphia Co., for instance, has not missed dividend payments in thirty years and it is practically certain that within a short while the stock will be placed on a higher dividend basis. A $4 annual rate is what is generally looked for.

People's Gas Light & Coke Co. of Chicago last year showed approximately $8 a share earned on the capital stock which now pays $6. Due to lower operating costs, the company is now doing slightly better and it is anticipated that the dividend rate will be advanced before long. It is expected here that the issue will be placed on a $7 annual basis. The company is expected to come into the market and do some financing, but this is to reimburse it for money already expended for improvements and to take care of additional expansion.

With the prospects of higher dividend payments, these two issues commend themselves as business men's

TEN PUBLIC UTILITY JUNIOR STOCKS

Company	Issue	Dividend	Yield (%)	Current Price	Earnings a Share 1922	Market
B'klyn Edison	Cap. stk.	$8	7.4	108	$18	N. Y. Stk. Exch.
Consolidated Gas of N. Y	Com. stk.	5	8.5	62	7	N. Y. Stk. Exch.
Detroit Edison of Detorit	Cap. stk.	8	7.7	104	11	N. Y. Stk. Exch.
Federal Lt. & Traction	Com. stk.	*3	8.5	60	†11	‡Unlisted
Laclede Gas Lt. of St. L., Mo	Com. stk.	7	8.0	87	9	N. Y. Stk. Exch.
People's Gas & Coke of Chgo	Cap. stk.	6	6.6	90	8	N. Y. Stk. Exch.
Phila. Co. of Pitts	Com. stk.	3	6.5	46	5	N. Y. Stk. Exch.
Pacific Gas & El. of S. F	Com. stk.	§6	7.0	80	12	N. Y. Stk. Exch.
Public Serv. Corp. of N. J	Com. stk.	¶4	8.5	47	7	N. Y. Stk. Exch.
Southern Cal. Edison	Com. stk.	8	7.9	101	10	‡Unlisted

* ¾ of 1% paid quarterly on the common stock payable in preferred stock which is selling around 71. Account of this is taken in figuring yield as two quarterly payments have been made.

† Earnings are for year ended December 31, 1921.

‡ Stocks given as unlisted in New York are traded in over-the-counter and enjoy a ready market with many reputable houses dealing in unlisted stocks.

§ At the end of 1922 an additional payment of 2% payable in stock was made.

¶ Dividend on the new no par value shares which have just been placed on a $4 annual basis.

TEN PUBLIC UTILITY PREFERRED STOCKS

Company	Issue	Dividend Rate	Current Price	Times Pfd. Earned Divs. in 1922	Yield	Market
Amer. Water W. & Elec..	7% pfd.	$7	92	3¼	7.6%	N. Y. Stk. Exch.
Appalachian Power Co....	7% pfd.	7	84	5	8.3%	Unlisted
Consumers Power Co.....	6% pfd.	6	85	4¼	7.0%	Unlisted
Mississippi River Pr. Co...	6% pfd.	6	82	2	7.3%	Unlisted
Northern States Pr. Co...	7% pfd.	7	93	1¾	7.5%	Unlisted
Pacific Gas & Elec. Co...	6% pfd.	6	87	2½	7.0%	Unlisted
Phila. Co. of Pitts.........	6% pfd.	3	44	4¾	6.8%	Phila. Exch.
Pub. Serv. Corp. of N. J..	8% pfd.	8	103	4	7.8%	N. Y. Stk. Exch.
Southwestern Pr. & Lt....	7% pfd.	7	95	7⅓	7.3%	Unlisted
Western Power Corp.....	6% pfd.	6	82	3	7.3%	Unlisted

Stocks which are classified as unlisted under the heading "Market" enjoy a ready market in New York and other large cities among brokers dealing in unlisted securities, and fluctuations are easily available.

investments in junior issues involving an element of speculation.

An Investment Issue

Classed among the common stocks in the accompanying table, the Brooklyn Edison Co. 8% capital stock is nevertheless more of an old-line investment issue which has been seasoned over a long period of years. Going back over a period of ten years, analysis of earnings statements shows that each year more than dividend requirements were earned with a good margin to spare and that the 8% dividend has been regularly maintained. Earnings on the stock in 1922 were equal to $18 a share on the stock compared with $16 the previous year, and, due to abnormal expansion of facilities for service, the company should do very well this year.

Brooklyn Edison Co. is an amalgamation of various electric producing and distributing properties in the Borough of Brooklyn. Brooklyn, while part of greater New York, is really a city in itself and as such is showing more rapid growth of population than any other community in the United States. This factor is, of course, naturally reflected in a tremendous building boom which requires much additional service of electricity and the company is unable to keep its facilities abreast of the demand.

What will be one of the largest power-producing plants in this country when completed, is the third generating station being built by the company to meet expanding demands. The company makes but one statement of earnings annually, so no official statements of earni- s thus far in 1923 are available. However, with the heavy increase in demand it is safe to assume that this is reflected in increased earnings.

Detroit Edison Co.

Selling at a price a few points below that of Brooklyn Edison Co. and paying the same dividend, Detroit Edison Co. capital stock on its merits is comparable with the former though margin of earnings above dividend requirements is not so large over a period of years. As the table shows, earnings last year were equal to $11 a share on the stock. Dividends have been maintained regularly at the 8% annual rate since 1914 when payment was increased from 7% to the present figure.

While the yield shown is 7.7% at current selling prices, a slightly higher return is actually shown if stock was held over a period of years in the past. The company has made it a practice to finance new construction by issuing new stock to shareholders who are usually offered the right to subscribe at par while the stock is selling several points higher. This gives them valuable rights increasing the actual return on the investment. An offer to shareholders to subscribe to the extent of 25% of their holdings to new stock at par was made last month.

Latest statement of earnings is for four months ending April 30, 1923, when net income after taxes and charges amounted to 2.1 millions of dollars compared with 1.4 millions for the corresponding period of last year. Since then, however, the Public Utility commission has ordered a slight reduction in commercial lighting rates. With revenues showing a 25% increase over a year ago, the company is operating plants and distribution facilities at capacity and new construction is contemplated.

The stock has recently been depressed by talk of an attempt on the part of the city authorities to put into operation a city-owned plant. While this is a possibility in view of the fact that the municipal officials have already taken over the local traction properties, it seems rather far-fetched and unlikely that any real competition would develop.

Consolidated Gas stock, among the table showing junior issues, is an outstanding feature from the viewpoint of a high yield and is well worthy of consideration. Since the board earlier in the year definitely placed the common stock on a $5 annual dividend basis, the shares have been subjected to downward pressure on account of pending adverse legislation on rate questions.

As it now stands, the Governor of New York state has just signed a bill which by statute prescribes that $1 a thousand cubic feet shall be the maximum rate charged for gas in New York City. The company has been charging $1.15 a thousand under regulation by the state Public Service commission. The matter has been hastened to the courts with the likelihood that it will be threshed out and be the subject of much litigation for some time to come. It does not seem likely that finally the company's earning power will be affected as the Supreme Court at Washington over a year ago held that rates could not be fixed by statute where it was demonstrated that they were confiscatory and did not provide the public utility with an adequate return on its investment. It is probable that the situation will be cleared up favorably for the company, as all precedents seem to be with them. At the current selling price of 62, the stock shows a yield of 8½%.

Increased Dividend Likely

The new shares of Public Service Corporation of New Jersey, selling at 47, or the equivalent of 94 for the old stock which was split up on the basis of two for one, doubtless reflects some disappointment over the fact that the board in declaring an initial payment on the new stock failed to increase the rate. It is indicated that between now and the Fall months some favorable action can be loked for along this line as the management is believed to have a $5 annual rate on the new shares in mind.

At the current price of 47, the new common shares show a yield of 8.5%, which is good for an issue of this character. Earnings last year were equivalent to $7 a share on the new stock and this year figures are showing improvement.

In the list of preferred stocks, the 8% senior issue, which is selling at 103, seems attractive as yielding close to 8% on the investment. This issue is not now callable at 110, this privilege having recently been relinquished by the company. For investment purposes, as eliminating a greater part of the speculative feature, the

(*Please turn to page 372*)

Note: The recommendations made in this analysis are based solely on the **ultimate** *outlook for the respective securities. The idea is* **not** *to suggest an immediate commitment in these issues in view of current market uncertainties. In the event of lower market prices for these issues, however, a good investment opportunity would undoubtedly be presented. It should also be noted that the Philadelphia Company has announced an increase in its dividend rate from $3 to $4. This occurred just after this article went to press.*—Editor.

TABLE OF BONDS OR NOTES TRADED IN ON THE UNLISTED MARKET WITH YIELD OF BETTER THAN 7%

Company	Security	Maturity Date	*Asked Price	Yield to Maturity (%)
Appalachian Power Co............	Secured 7s..........	1936	100	7.0
Detroit United Railway............	Coll. 8s..............	1941	108	7.2
General Gas & Electric............	Secured 6s..........	1929	93	7.4
Middle West Utilities............	Ser. B 8s...........	1940	105	7.4
Penn.-Ohio Power & Light.........	Secured 8s..........	1930	104	7.2

* Quotations given as asked prices usually show a point or two variation from bid prices, so that in purchasing bonds it is advisable to put in market orders lower than quotations shown.

Petroleum

What Is the Outlook for:

CALIFORNIA PETROLEUM — COSDEN & CO. — HOUSTON OIL ?

By JAMES W. MAXWELL

OIL stocks have not fared well in recent markets. Besides sharing in the general heaviness, some of the oil issues have been singled out for special attack due to accumulated evidences of over-production in some of the important producing fields.

How long the reactionary trend in the oil market will continue is a question that lies in the realm of pure speculation. Meanwhile, the holder of oil securities may well scrutinize his commitments carefully with an eye to determining how much confidence each issue merits in the light of present-day conditions.

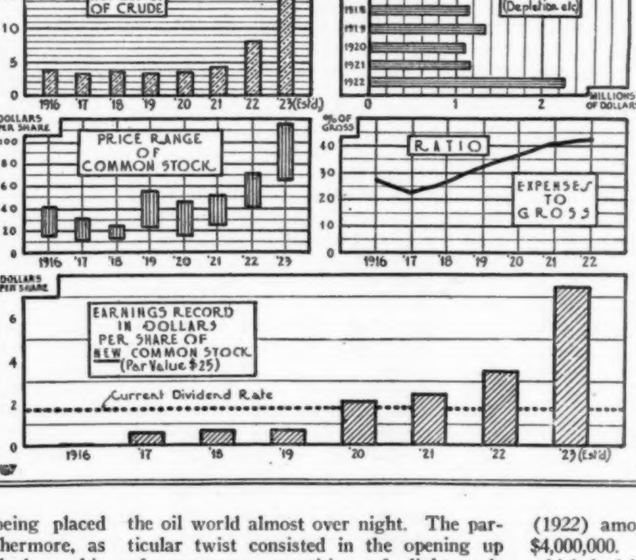
CALIFORNIA PETROLEUM

Has It Reached Its Peak?

THE history of the California Petroleum Company, to date, is worth telling, briefly:

Over a long period following the organization of the company its affairs progressed in a more or less desultory fashion. As a producer of fair quantities of mostly heavy-grade oil in the comparatively undeveloped Californian fields, it managed to earn a reasonable return on its capitalization in the early years of its existence. Along around 1914-1916, however, the company's results from operations took a turn for the worse. The common shareholders continued to go without any return on their investment and arrears on the cumulative preferred began to accumulate.

The company evidently enjoyed a sagacious management from the beginning. During the period of stress, no year passed without large sums being placed back into property, and, furthermore, as one of the units in the attached graphic display will show, very large amounts were consistently written off the earnings account in favor of depreciation and depletion of equipment and property holdings.



A Sudden Twist of Fortune

In 1920, one of those sudden twists of fortune so frequently encountered in oil history transpired, and it developed into sufficient proportions to completely metamorphize the California Petroleum Company's position. The company turned from a struggling production enterprise into one of the most conspicuous successes in the oil world almost over night. The particular twist consisted in the opening up of enormous quantities of light-grade crude in the California fields, of which supplies a very large proportion proved to be centered in the holdings of the California Petroleum Co. itself.

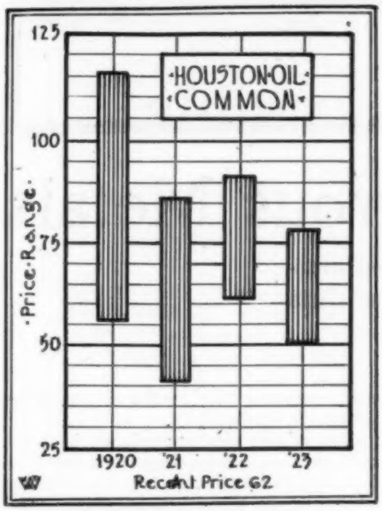
California's output shot up to unexpected limits in the months that followed. A round 600,000 barrels more were produced in 1920 than 1919; a gain over the previous year of 300,000 barrels occurred in 1921; while in 1922 the company turned out over 8 million barrels in all, or almost twice that of the year just before and more than double that of any previous year.

The remarkable increase in California Petroleum's output, which began in 1920, could not have been better timed if the company itself had controlled providence. Oil prices were soaring, on the strength of general and very hysterical warnings of an impending "world shortage of crude," and there was a general scramble to snatch up whatever new supplies could be found, nearly regardless of price. California Petroleum's astute management made the most of the new situation, among other ways by entering into a contract, based on the high 1920 prices, for delivery of a large proportion of its then output to an independent concern, the terms of the contract calling for continued deliveries at the high levels up through the greater part of 1923.

Splendid Earnings Since 1920

As a result of its heavily increased production and the foresight of its management, then, California Petroleum has been able to show, since 1920, splendid earnings for its security holders. Despite charge-offs of over $4,500,000 in 1920-1922, inclusive, it succeeded in recovering close to $9,000,000 of net income for the three years, and its net in the last year (1922) amounted to just a little short of $4,000,000. Earnings on the common, which had been negligible for most of the previous period, expanded to over $8 per share in 1920, and amounted to over $14 per share in 1922.

California Petroleum stock, of course, has not been slow in discounting these remarkable changes in the company's affairs. The old common recently sold at close to $118 per share, as against a low price of about $15 per share in 1920, and a simi-



lar expansion has occurred in the preferred (which latter, by the way, beside being cumulative at 7%, participates equally with the common after 7% has been paid on the latter).

Whether it would be wise to effect a commitment in the common shares at the present price of 109 for the old or 27 for the new is a matter for interesting conjecture. As an unencouraging feature, the known overproduction in the California field, measured by the present price of $1.04 a barrel for 35° oil, as against an average price of $1.46 a barrel by California Petroleum last year, may be cited. Also, California Petroleum's lucrative contract, referred to above, which was effected in 1920, will, it is understood expire late this year, thereby depriving the company of any partial bulwark it may now have against the sagging market-price level. As encouraging features, the continued high rate of production, the conservative past practices of the management, and the comparatively small amount of capital stock outstanding against its earning power should not be ignored.

A Doubtful Factor

A doubtful factor appears in the recent authorization of an approximate increase of 43 millions in the common stock capital. Until it is known whether any of the increase will be immediately issued, if so, what proportion and for what purposes, speculation on the subject is obviously aimless, although the management-record referred to above is a pretty good indication that the best interests of the stockholders will be safeguarded.

In any event, the company has forged to the front rank of producing enterprises, even though for those who enjoy the hazards attached to commitments in the securities of such concerns, the issue is in a speculative position.

COSDEN & CO.

Can Profit from Crude-Price Reductions

Cosden & Co. may be ranked as one of the best equipped refiners in the independent group. Its equipment at Tulsa, including gathering lines and tank cars, is fully worth all and more of the $23,000,000 valuation placed in the balance sheet, in addition to which it has around 15,000 barrels daily production derived from properties in Oklahoma, Kansas and Texas. Against a total property and equipment valuation of 70 millions the company earned nearly $16,000,000, or 23%, last year.

The company's history, from the standpoint of results, is sufficiently covered in the table presented herewith. As of the most recent reckoning, it was in the strongest financial position in its history, with over $11,000,000 in cash as compared with net current assets over liabilities of about $10,000,000. Also, production was at the highest point yet reached and highly satisfactory conditions obtained at its refineries.

Uptrend in First Quarter

In the forepart of the current year, the company's affairs continued on the uptrend. Consolidated net earnings of all the properties in the first three months of 1923, exceeded $3,000,000 before taxes and depletion, offering a lively contrast with the $1,987,035 earned in the same quarter of 1922. Gasoline business, representing the major portion of the company's activities, was said to be increasing, and indications were for another record in quarterly results for the period covering the second three months of the year.

Cosden stock, however, has shared in the more or less general heaviness common to the oil group in recent weeks, the common selling now at close to the low price of the year (44⅛) as against the year's high of above 62. Comparative weakness in the issue has been attributed to the discouragement of public interest in the oils, due to the evidences of over-production appearing in the industry.

Factors to Consider

While it is not in any sense the intention here to endorse Cosden & Co. shares, even from the speculative standpoint, at present levels, due to the generally reactionary tendency of the securities market at this writing, the suggestion may well be made that in forming opinions of the issue, investors might bear in mind not only the company's remarkably fine record, the known capacities of its management, its industrial connections (reflected in part by the large amount of business it does for the Indiana company) but also the somewhat unique character of its activities. Cosden & Co. is, in the last analysis, a refining company, and probably buys in the open market the major portion of the crude oil it consumes. Under the circumstances, it is in a position in its current operations to reap benefits from lower crude prices in the shape of lower charges for new supplies. In fact, in some quarters the opinion is advanced that Cosden's extensive gasoline business, and the comparative firmness of gasoline prices, has enabled it to increase its margin of profit from refinery operations to a degree more than large enough to offset the effect of recent oil price reductions.

At the present time, Cosden has outstanding $6,996,710 7% cumulative preferred, of par $100, and 1,195,634 shares of common. There is no funded debt. While it would be obviously futile at this time to attempt to forecast the earnings results for the current year, the company's returns of over $2.50 per share in the first three months, its freedom from debt, and the small amount of preferred stock standing ahead of the common all seem to leave a minimum of doubt as to the safety of the current dividend rate of $4 per share.

Conclusion

As a holder of Cosden & Co. bought at higher levels and now much lower, the writer would not be inclined to pay much attention to current price fluctuations in the oil group, believing that the values and the earning power are there, irrespective of price movements. **As a non-holder, on the other hand, he would be inclined to postpone any new commitments in the issue at this time because of the uncertain trend of the market in general, although not from any doubts as to the fundamental strength of the property itself.**

HOUSTON OIL

More Suitable for "Insiders"

Vague rumors that Mr. Doheny intends to interest himself in the affairs of the Houston Oil Co., with an eye to developing the undoubtedly extensive tracts of

(*Please turn to page 367*)

THE RECORD OF COSDEN & CO.

	1919	1920	1921	1922
Total Income	$36,609,536	$59,671,504	$36,500,606	$44,436,390
Operating Expenses	27,572,233	44,450,491	27,901,686	30,753,392
Net Operating Revenue	$9,037,303	$15,221,013	$8,598,920	$15,682,998
Taxes	....	640,776	....	330,454
Depreciation, etc.	....	....	6,259,072	6,928,872
Net Income	$9,037,303	$14,580,237	$2,339,848	$6,424,272
Fixed Charges	1,023,891	1,028,130	916,192	948,644
Balance	$8,013,412	$13,552,107	$1,423,656	$5,475,628
Dividends	2,539,080	2,230,359	2,535,544	3,860,496
Surplus	$5,474,332	$11,321,748	*$1,111,888	$1,614,532
Total Surplus	$13,144,541	$13,717,366	$10,944,506	$29,442,501

* Deficit.

Mining

The Outlook for Non-Ferrous Metals

Will Copper's Slight Recovery Hold?—Possibilities of Further Zinc and Lead Price Cuts

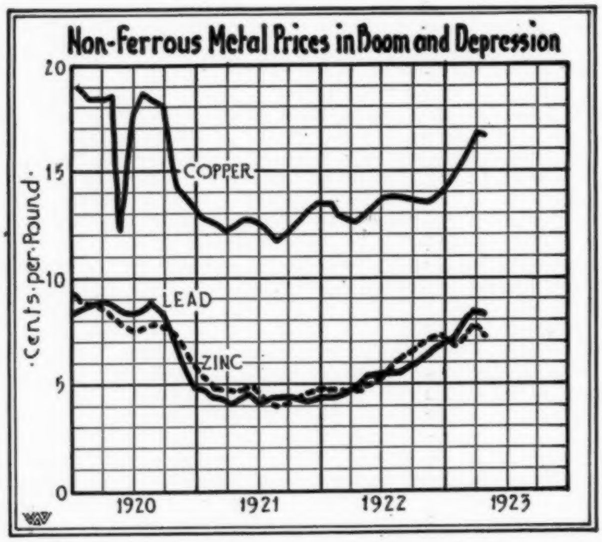
By P. B. CUZIN

THE non-ferrous metal markets were among the first to feel the gradual recovery of business from the slump of 1921, and steadily kept pace with the improvement in trade until about April of this year. This seemed to mark the turning-point, for at about this time they all started down, and to date price recoveries have been minor and temporary compared with the long downward swing which seems to be under way.

During the approximately 22 months of the upward swing, the market was influenced by a gradual increase in demand on the one hand, and in production on the other. The relation between these two factors, as expressed in the amount of stocks on hand, has varied for the different metals. In general, however, we can say that the non-ferrous metals at the present time are not facing any overwhelming burden of stocks of refined metal which threaten the stability of the market.

Current Output a Factor

The trouble with most of them is of a different order, being a matter of current production largely. Speaking generally, current rates of output are at the high points reached this year, while actual buying has gone down considerably, and seems about to go down still further. In point of fact, the large consumers of metal have had to reduce their purchases because their customers in turn, the users of finished and semi-finished metal products, have let down on their demand owing to the general recession in business activity.



As is usually the case, such a recession hits primary producers harder and sooner than secondary ones or distributors, and the effect has been seen in the sharp recession of prices which has featured all the non-ferrous metal markets. Within the markets themselves, a proportionately larger part of the business of recent weeks has been done by resellers and smaller producers, the large producers in general attempting to stabilize the market by holding out for higher prices, and making concessions to buyers only gradually. There is thus on a smaller scale the situation of two metals markets, the actual, where metals are sold by weak holders, and the nominal, where prices are named by larger producers for larger tonnages, but little business is done, as existed in 1919-1920.

Such a situation usually coincides with the appearance of strictly hand-to-mouth buying among consumers, who are willing to accept small tonnages and who buy frequently, at lower figures, rather than cover their requirements for a longer period ahead from the larger producers, under penalty of paying a higher price. This attitude in turn expresses the lack of confidence of buyers in the stability of current price levels.

There can be little prospect of improvement in the metals markets until buyers do a larger part of their business with major producers, which of course they will not do until confidence in the business outlook returns. In the meantime current quotations are apt to be nominal, with considerable business done at lower than official figures.

COPPER has shown signs of firmness in very recent sessions of the metal markets, improvement in the nominal quotations extending to ⅛-¼ of a point. It is difficult to believe that this strength will be sustained, however, in view of conditions prevailing within the market itself.

Dealers and smaller producers have not only kept pace with larger producers in lowering prices successively by fractions of a cent in the effort to attract more buying, but they have actually been widening the spread between their quotations and the nominal ones. In addition, they are willing to take up contract business, as well as current delivery, and are selling some forward copper as far ahead as the second half of the year at current figures.

Export trade continues quiet, market conditions being similar to those in the domestic trade. The Copper Export Association, representing a number of the larger producers, is quoting higher prices than several of the independents who have well-developed export outlets. As a result the latter are getting the lion's share of whatever foreign buying is in evidence.

Buying power refuses to be attracted by the lowering of quotations, many of the larger consumers having found it necessary to cut prices on their own products to attract business. Shipments are being well maintained, indicating that consumption is not declining much, but a high rate of shipments while new orders are not coming in involves cutting heavily into unfilled orders, which amounted to several months' production some weeks ago.

At the present time, refinery stocks are apparently about to show an increase for the first time in many months. Should this development continue, a state of tension might develop in the copper market leading to sharp price cuts in the effort to get rid of surplus stocks. No such signs are as yet visible, but the anticipation of such developments has turned the market quiet and weak.

ZINC is in the paradoxical situation of being in a remarkably strong statistical position while prices have been sliding downward for weeks. The stocks of refined zinc in sight all over the country are scarcely sufficient for a week's supply at present rates of con-

(Please turn to page 375)

Dome Mines Co., Ltd.

Valuing a Liquidating Property

Can Dome Mines Maintain a $4 Dividend? —Labor Difficulties Facing Porcupine Mines

By JAMES H. MONTGOMERY

FROM 1913 to 1915 Dome Mines, Ltd., paid no dividends. From 1916 to 1922 it paid an average of 87 cents a year, including one year when nothing was paid. In April of 1922, the company announced its intention of raising the annual rate from $1 to $2, and in December of the same year declared that beginning with the following July the rate would be raised to $4.

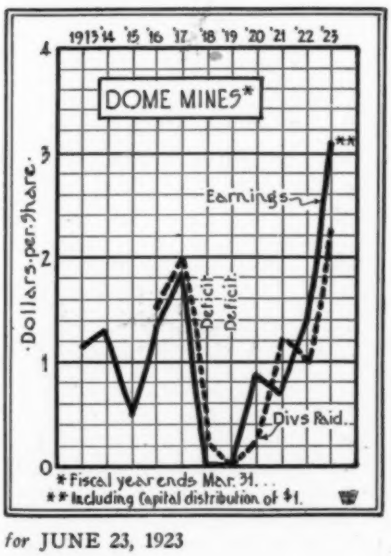
The whole question as to the attractiveness of Dome Mines stock at 38 for the investor, therefore, resolves itself into the question: can the company go through with the projected raise in the dividend rate, and once having established the $4 rate, can it maintain it?

The company announced at the same time as its intention of establishing a $4 rate, its establishment of a reserve fund of one million dollars, which it was proposed to increase until it amounted to a full year's dividend at the higher rate. On the 476,667 shares of common stock now outstanding which constitute its entire capitalization, this would mean a dividend reserve fund of 1.9 millions.

The Analysis

Our analysis of the company will resolve itself into two parts, therefore: the study of the earning power to determine if such a dividend rate can be paid, and the study of the financial position to see to what extent assets can be drawn upon to make up a failure of earnings to come up to the proposed dividend rate.

For the company has definitely embarked on a policy of making payments to stockholders from capital assets, as well as from earnings, with the permission of the Treasury Department, which holds that such payments from capital are not income and are hence not subject to the income tax. A bill to the same effect is being put through the legislative machinery in Toronto, the company being incorporated in Canada.



* Fiscal year ends Mar. 31...
** Including Capital distribution of $1.

This means that the company is actually in a liquidating position, and the investor who buys the stock must evaluate the assets on a liquidation as well as a going-concern basis. The fact that such payments are an actual liquidation of capital assets is emphasized by the reduction of par value to correspond with such payments. In April, 1922, the company paid $1 a share as a special liquidating dividend, as the first in accordance with the new policy, and correspondingly reduced the par value of its shares from $10 to $9. Should earnings be insufficient to maintain a $4 rate, the company could legitimately pay out additional liquidating dividends to put the total distributions for the year up to this figure.

Turning to the question of the earning power of the company, we find that its income is derived from the mining and milling of gold on its property of 430 acres in the township of Tisdale, Ontario, in what is generally called the Porcupine district. It is the second largest producer in this district after the Hollinger mines. The company has its own electrically-operated eighty-stamp milling plant, with four tube mills and a cyanide plant.

The fact that these properties are run by electricity leads to economical operation, but at the same time makes the company dependent on the water supply at its hydro-electric development. Last November there was a serious threat of power shortage, just at the time when the company was establishing new production records. It was compelled to enter into an arrangement with other producers in its area by which it reduced output 20%. It has been operating on more or less sub-normal power supply till this Spring, when the effects of better water conditions were noted in May, leading to the current estimated production of $15,000 worth of gold mined daily.

Labor Difficulties

The unreliable water supply is not the only difficulty that the company has had to face from time to time. Labor difficulties are also intermittent in the Porcupine district. From December, 1917, to May, 1919, the company found itself compelled to discontinue milling operations, according to its statement, because of "inefficiency and scarcity of labor." At the present time a strike vote is pending, although the miners are still at work and negotiating with the employers. In the event of a strike, of course, production would be at a standstill.

DOME MINES' PRODUCTION RECORD

(Value of Output)

	1920	1921	1922	1923
Jan...	$164,736	$148,601	$305,433	$403,511
Feb...	159,388	120,806	302,751	366,415
Mar...	151,128	138,486	312,707	259,860
Apr...	175,348	153,170	377,438	160,111
May...	170,559	185,551	325,328	*450,000
June...	142,904	198,777	351,531	......
July...	148,625	191,678	335,254	......
Aug...	179,752	210,924	352,774	......
Sept...	186,876	241,935	423,059	......
Oct....	157,447	233,433	382,712	......
Nov...	169,939	239,933	353,495	......
Dec...	160,507	236,498	361,213	......

* Estimated.

Barring the two handicaps of power shortage and labor trouble, however, Dome's output can reasonably be estimated at $450,000 a month, or at the rate of 5.4 millions gross revenue. This is predicated on the continuance of a fairly high grade of ore, around $12-$14 a ton, which is being currently handled. While this is rather better than the average of $11.76 a ton for the first half of 1922, or the $7.19 averaged throughout 1921, it is in conformity with the experience of other Porcupine producers, who have found better grades of ore the deeper they worked.

The Dome Extension Mines Co., Ltd., which the company acquired in 1920 by exchange of shares, has been extensively developed, but actual mining has not been done on it yet, because of labor scarcity, according to the company. Development work in the past year on the Dome properties has increased ore reserves from 275,000 to 400,000 tons, or about a year's supply at current rates, as the mill is capable of handling some 1,100 tons a day.

Mining and milling costs have in the past averaged 35-40% of the gross income, while other expenses, including administrative charges, depreciation, taxes, etc., have gone up more or less steadily from $270,000 in 1913 to 1.2 millions in 1922. Assuming that the latter figure will be maintained, and taking the estimated full production of 5.4 millions as above and estimated mining and milling costs at about 2 millions, we get as the maximum income, power and labor conditions permitting 100% operations, some 2.2 millions net, or $4.75 a share for the common. This does not take account of possible increases in labor cost in the event of a

(*Please turn to page* 368)

·SERVICE · SECTION·
· OF·
· THE MAGAZINE OF WALL STREET·

IN THE BANKING WORLD

Conducted by

H. Parker Willis

Discussions of Current Problems and Reviews of Recent Events Conducted in the Interest and for the Use of the Banker Readers of THE MAGAZINE OF WALL STREET

Mr Willis Was Formerly Secretary of the Federal Reserve Board Later as Director of the Bureau of Analysis & Research. He Developed the Board's Present National System of Financial Reporting

How Much Interest Should Banks Pay?

Problems of Banks and Depositors and How They May Be Solved

THE intense competition between banks has again brought to the front the question how much interest on deposits ought to be allowed by banks to their customers and what are the appropriate limits of the practice?

Without doubt, there is a tendency in some parts of the country to carry the practice of paying interest a good deal too far and to produce a correspondingly bad effect on the bank. The bank, on the other hand, is sometimes unfair to the customer in cases where it feels well protected against competition, and the result is to make him feel a certain grievance. There are some general principles governing the practice that ought to be observed.

Banking Theory Opposed to Interest

In theory, bankers ought not to pay interest. Two cases can be recognized—the one in which the "deposit" with a bank is the outgrowth of a loan made by it, the other in which it represents funds obtained from some other source. In the former case, the interest allowed by the bank is evidently merely conventional. If *A* borrows $1,000 at 6% and is required to keep with the bank a "balance" of 20% he is evidently paying $60 per annum for the use of $800 or 7½%. If the bank allows 2% on balances the depositor gets 2% on $200 or $4 and pays $56 or 7% net.

Evidently he would be as well off if the bank charged him 7% flat at the outset and said nothing about balances or interest on them. This latter is the British system and is obviously better and fairer then the other.

In the second case where the depositor is not a borrower, custom leads the bank to establish a balance requirement, usually $200 to $300 in the larger cities, while competition forces an allowance of interest, say 2% on all above a given figure like $500 or $1,000.

Here again the whole question is what the bank is getting. If it is supplying an active checking service it probably loses money on an account maintained at $200 balance; if it is inactive the depositor would do well to convert his balances into some liquid asset e.g., treasury certificates or bankers acceptances selling these or borrowing on them if funds are needed. This of course is what the banker himself does.

The situation would be simpler if the banker made a charge proportioned to activity for conducting the account and then undertook for proper compensation to keep inactive balances invested. This is what the reserve bank does today with the surplus reserves of member banks. It is forbidden by law to pay interest on reserve balances and so it undertakes to keep such surpluses invested, and when they are needed to convert them back into funds by rediscounting.

Actual Practice

But we can hardly expect any such transformations of banking practice as these. The probability, of course, is that the present practice of paying interest and competing in that way for deposits will continue. Assuming that such is likely to be the case the question of regulating such rates and preventing unfair competition is important. In most communities there is no reason why rates should not be fixed by general agreement with reference to some given level. In New York, for instance, we still have in effect the system established during the war whereby the rate paid by banks to banks is based upon the discount rate of the Federal Reserve bank for 90-day paper. The effect of this plan is to ensure an out-of-town bank, say about 2½%, when the reserve bank rate is 4½%.

The difference presumably represents a fair return for the service of bank operation. Observance of this plan and gradual extension to all cities will tend eventually not only to stabilize interest rates but to reduce bank competition to a uniform level of intensity and to prevent the hazardous lending or extortionate rates which result from undue generosity in interest allowances to depositors. The tendency in the handling of inter-bank funds is toward this kind of standardization, while rates on individual deposits assume a standardized relationship to the bank interest rates.

Foyer at entrance to safe-deposit vault of Guaranty Trust Co.

It still remains true and probably will for a good while that the smaller bank is in danger of buying its funds from depositors at too high a price with the result that the bank is driven into doubtful or long-term loans, taking investment risks because it is paying an investment rate to depositors notwithstanding it ought to have adhered to commercial business and commercial risks.

Policy of Depositor

Under the influence of high rates savings owners or proprietors of inactive funds are in many cases tending to put their resources into the hands of banks which pay interest at a substantial rate. It would be wiser in nearly all such cases for the depositor to form an approximate idea of this probable need for ready cash and then to make his own investments under the guidance of his bank or otherwise; unless, of course, the bank were to undertake the duty of thus converting balances in the way already described. The effect of this policy would undoubtedly be beneficial to the depositor except in those cases where his balance is so small as not to offer much chance of favorable investment owing to the scarcity of good securities of proper denomination within his reach.

This plan is being more and more generally adopted by the larger business concerns which in times of slack trade find themselves with large resources on hand and carry them over until times of pressure investing meanwhile in safe securities then disposing of the latter as need arises, when business expands, instead of borrowing from the bank. This practice is likely to grow both with banks as regards their surplus reserves and with concerns in regard to the uses of their spare business funds.

Problem of the Bank

The bank is naturally faced with a serious problem as its customers get into the habit of using their funds in this way, because of the reduction in the volume of inactive accounts which necessarily follows and the consequent loss of a margin of earning assets. This situation necessitates the continuous exploitation of the deposit field in the effort to develop business that has not been available in the past. There is unquestionably an immense field of work in this regard, the trouble being that up to date most banks have applied their exploitation efforts in competing with one another, rather than in opening up new fields of business or in inducing persons who are not in the habit of using the bank to begin doing so. At present the practice prevalent in many cities of requiring a minimum deposit and in others of discouraging the small depositor in other ways, has greatly retarded progress. There is a great deal of argument for the view that banks find it remunerative to encourage the making of deposits of any sort no matter how small, on the ground that a proportion of them grow into valuable accounts and that the whole effort has an educative quality not to be neglected which results in actually enlarging the total amount of business that comes in.

Country Bank Methods

While country banks do not usually fix a minimum deposit, there is a great deal that they can do to popularize the use of the check especially in farming communities. It is likely that they will develop more and more positively along these lines in the future. The result should be to decrease very materially the amount of business done by hand-to-hand payments, increase the checking business and so enlarge the bank's control of funds on which it is able to make a profit. The most successful banker in the future is likely to be the one who thus succeeds in opening up new fields of business not now within reach.

Can Labor Banks Succeed?

A Question of Bank Competition

A NEW phenomenon in banking, or what is considered such, has made its appearance within the past year or two. It is seen in the organization of institutions frequently known as "Labor Banks," whose purpose it is said to be to receive and dispose of the savings of labor organizations and members thereof, and whose stock is owned by these same organizations or their members. Already there are estimated to be in the country at large some twelve to fifteen such institutions, and already criticism is being visited upon them as being "unsound" or as representative of "class" needs or instincts. It is worth while to examine the exact purposes and methods of these banks in order to see just how far the present rather ragged and pointless discussion of them has merit.

Organization Principles

The labor banks which have thus far been started have been established both under national and state law. Some have been established in the state of New York where the oversight and inspection of banking is probably as severe as it is anywhere in the country. Probably no one would for an instant think that the office of the Comptroller of the Currency at Washington would intentionally allow the creation of an unsound or unreliable bank which failed to conform to the National Banking Act. The first thing to be noted, then, is that these banks have thus far conformed strictly to the most severe standards of banking law and oversight that exist in the United States today. The Brotherhood of Engineers Bank at Cleveland, a national-charter institution, has been in existence long enough to be examined several times; and while, of course, the results of such examinations are never made public, it is understood that the institution has been favorably passed on by the Federal examiners. These facts must mean, therefore, that the general constitution of such banks is the same as that of other banks. In fact it is so, and there is nothing, so far as can be learned, to differentiate them in method or in purpose from the national and state institutions by which they are surrounded.

What Is a "Labor Bank"?

This raises the question: What is a labor bank? A preliminary answer can now be given. It is a national or state institution whose stock is owned by labor organizations or their members. If this is all that such an institution is, it evidently would not represent anything new in banking, any more than a national bank whose stock was entirely owned by, say, the Du Pont family could be described as a "Munitions Bank." It is true, however, that most if not all of the labor banks have recorded in their by-laws a provision designed to prevent the stock control from passing into the hands of those who do not belong to labor organizations. Some have written such a provision into their certificates of stock. It remains to be seen how far such provisions will prove legal. Supposing that they do so prove, there is no reason for thinking that the mere ownership of stock exclusively by labor organizations and their members will change the character of banking any more than the fact that the stock of a certain national bank is entirely owned by members of the Masonic Order, say, will establish a sort of Masonic type of banking. It is also true that some of the labor banks have recorded in their by-laws a provision that as soon as earnings from the stock amount to say 6% or more, there should be a division of additional earnings between the stockholders and the depositors in proportion to the amount kept on deposit by the latter. This is a matter of agreement between the stockholders and the depositors, and since such banks depend largely upon their stockholders for their deposits, it would seem to be nothing more than a slightly novel way of dividing the earnings made by the bank if any. It does not affect the profits earned by the bank one way or the other, except insofar as it may induce depositors to patronize the bank. In that aspect, it is a method of competition rather than a new method of banking.

What Labor Banks Are Not

There is a vague suggestion here and there that the purpose of the labor-bank

organizations is to finance strikes. There is no record that any of them have done so; but, on the contrary, some have definitely expressed it as against their principles to do anything of the kind or to make any loans that are not properly secured. If this principle should be violated, and if the funds of a bank, the property of its stockholders and depositors, should be used for the purpose of making unsecured loans to enable men to refrain from work, it would be time for bank examiners to step in and close the institution, not because it was helping labor, but because it was endangering the funds of the depositors which do not belong to it. On the other hand, the impression has prevailed in various directions that the purpose of such banks is to finance the "small man" who cannot get credit elsewhere. This is a kind of loan that is by no means so unsound as many people suppose. The field of such loans, however, is a very special one and is already occupied by the Morris Plan Bank and the Credit Union. Both classes of institutions are doing very well in their way, and there is no reason whatever for any present addition to them. As a matter of fact, there is no evidence that labor banks intend to make loans of this kind. Experience in the Engineers' Bank in Cleveland has shown that but few of the depositors or stockholders are borrowers. In fact, there is no reason why a wage-earner who is not in business should be a borrower, except in case of misfortune or in the event of desire to build a house for himself or otherwise to invest. The latter need is well taken care of by building loan associations and is not a kind of lending into which national or state banks can with safety go very extensively. There is no evidence that any labor banks have engaged in this kind of lending or are likely to do so. As for the use of the bank as a kind of charitable enterprise, it would not take long to close an institution conducted in that way.

Question of Success

Enough experience has now been had with these banks to show that they are not likely to succeed unless they are well managed and are conducted on ordinary banking principles by competent bankers. Banking is a business of great hazard and one which requires large skill. It holds out no hope of success to the amateur or the trifler. There is no reason why labor banks should not succeed if they employ competent bankers to manage their affairs. When they do this, their "labor" character amounts to nothing more than that there is an especially sympathetic attitude toward labor when it presents itself as a depositor, and that perhaps slightly better conditions of deposit are offered than are offered and are allowed by the average bank. If such advantage should go very far it would be likely to "scare away" depositors rather than to attract them, while the bank itself would soon find the load entailed by the business it did get too heavy for it. It is probably true that, for some time to come, national and state examiners will need to keep a close eye upon these banks in order to make sure that their managers do not make unwise investments and in order to guarantee as far as possible that only competent men are in charge. It will, moreover, take a few years to find out whether those who now operate such banks are really sufficiently in earnest to continue the experiment with that steady and unremitting application which is essential to success in the banking field.

Observance of Law

Thus far, as already stated, there has been no indication of any indisposition to observe the banking laws of the state or nation. The grade of general intelligence among the directors in the best of such banks is quite up to that which exists in the average bank throughout the country, especially of the newly-organized variety. This is not an unduly high compliment, but may be taken for what it is worth. There has been, so far as can be learned, no indication of a disposition to disregard or evade the banking laws, but on the contrary every symptom of a wholesome attitude of respect for them, due to the fact that those in the business did not understand them very well. In the labor banks, as in every other newly organized institution, it will be the duty of bank examiners to enforce with strictness every provision of law and to penalize every infraction of it, without fear or favor. There is no reason for thinking that they will do otherwise. Neither is there any reason to think of these small banks as pertaining to a given "class." The Engineers' Bank, which is perphaps the largest and most successful, has drawn its funds from a rather wide range in the community. There have been some "class" tendencies in banking in the past, as seen in the control of banks by specified industries or groups in the community; but they have never gone very far. In this case, the problem to be determined is whether the stockholders in these banks are able to find and keep at work the kind of ability among their directors and officers that is necessary to enable them to compete successfully with other banks in fields where competition is already very severe.

Par Collection Discussed by Supreme Court

Decision That Will Please Both Sides—Step Forward in Important Controversy—Final Decision on Savings Deposits

Washington, June 12.

THE most important action for a long time past has been taken by the Supreme Court in handing down its decision in two cases affecting the par collection policy of the Federal Reserve System. These two cases are those of the Farmers & Mechanics Bank of Monroe, N. C., vs. the Federal Reserve Bank of Richmond; and the case of the American Bank & Trust Co. vs. the Federal Reserve Bank of Atlanta. Both cases had to do with the methods employed by the Atlanta & Richmond Reserve banks and only indirectly raised the principles or theories involved in par collection. Incidentally, however, both cases furnish light upon the collection question as a whole, and indicate the attitude of the Court toward the entire problem. This makes them of fundamental importance; and they will undoubtedly be so regarded, especially by country banks everywhere.

Issue in Richmond Case

In the Richmond case, the reserve bank had informed country banks that it would require cash for checks presented over the counter. As a result, the legislature of North Carolina had adopted a law which provided that unless the drawer of a check indicated by notation on the face thereof that he required payment in cash, the drawee bank was at liberty to pay the check by transmitting exchange drawn on its reserve deposit.

This statute is held neither inconsistent with the Constitution nor with the Federal Reserve Act. The result is that banks in North Carolina can continue to pay checks in this way instead of meeting them by payments of cash over the counter. This, however, does not at all break down the par collection plan in and of itself; for the Atlanta bank prior to its suit had indicated its willingness to accept payments in drafts collectible at par either on the drawee's Atlanta correspondent or on any other solvent bank. The outcome of the court's studies in this phase of the question appears thus to be that the reserve banks will in some cases have to alter their methods of par collection, a fact which has been evident for some time past.

Par Collection Upheld

On the other hand, the Supreme Court upholds the general idea of par collection and finds no reason why it should not be enforced among the members of the Federal Reserve System. There is nothing in the fact of such par collection to interfere with the constitutional rights of banks, or to arouse a legitimate contention that "unfair competition" is being developed. Within the Federal Reserve System, the Reserve Board has entire liberty,

(Please turn to page 367)

TRADE TENDENCIES

Business Enthusiasm Dulled

More Signs of Reaction—Further Price Cuts — General Volume of Business Good

STEEL

Small Future Demand

VOLUME of steel production continues only slightly unabated and in that respect the situation is as satisfactory as could be desired. It is estimated that the leading interest is still operating at something over 90% capacity and the independent concerns at a proportionately high ratio. This condition, however, is over-shadowed by the fact that the volume of new orders has fallen off considerably.

In its last statement the U. S. Steel Corporation indicated a falling off of over 300,000 tons, a condition ostensibly due to heavy shipments eating into old orders as well as an actual falling off of new orders.

Nevertheless, the fact that forward demand has diminished, is a rather unfavorable sign. However, the volume of orders still on the books practically guarantees a high rate of production right through the year.

Pig-iron production likewise continues at a very high point. As in the steel market, however, new orders have fallen off perceptibly, not so much because of actual lack of demand as because of the desire of consumers to await further price developments before making any new commitments. Pig-iron prices have been rather weak lately and very likely have further to go before reaching bottom.

The unsettled state of the building industry is having something to do with falling off of new steel orders. Furthermore, automobile manufacturers are well stocked and are not likely to enter the market very extensively in the next two or three months. Railroad equipment orders are less in evidence than earlier this year.

No real reaction in steel, however, may be looked for this early. The outlook is for a well-sustained rate of production throughout the year, although it should taper off somewhat during the next few months. It is still too early to forecast what the situation is likely to be after that time.

COMMODITIES

(See Footnote for Grades Used and Unit of Measure)

	1923 High	1923 Low	1923 Last*
Steel (1)	$46.25	$36.00	$46.25
Pig Iron (2)	31.50	24.00	27.75
Copper (3)	0.17½	0.14¾	0.15
Petroleum (4)	4.10	3.00	3.25
Coal (5)	4.25	2.02½	2.07½
Cotton (6)	0.31	0.26½	0.29¾
Wheat (7)	1.38	1.18	1.23
Corn (8)	0.83	0.68	0.83
Hogs (9)	0.08½	0.07¾	0.07¾
Steers (10)	0.10¾	0.08¾	0.09½
Coffee (11)	0.1	0.10¾	0.11⅜
Rubber (12)	0.37	0.27	0.27¾
Wool (13)	0.58	0.56	0.57
Tobacco (14)	0.24	0.18	0.24
Sugar (15)	0.08½	0.05⅕	0.07½
Sugar (16)	0.10½	0.07	0.09½
Paper (17)	0.04⅛	0.03¾	0.04

*June 13.

(1) Open Hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pool No. 11, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, Chicago, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, $ per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, — per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

COTTON

Stronger Market

COTTON was the feature of the commodities. For a time apathetic, the trading community was startled by a terrific advance in one day alone of nearly $5 a bale. The weather news was responsible. Usually highly productive areas in the South have recently been inundated under severe rainfalls and the chances are that the crop in those sections was damaged. At any rate, cotton moved with a bang. Ostensibly cotton was sold out before the rise and short-covering, combined with heavy buying orders from abroad and at home pushed the prices up rapidly.

A considerable amount of new buying is in evidence. Of course, this situation may be only temporary. At this stage of the crop, weather reports are not a very strong staff to lean on. Still, the fact that Europe was buying so heavily indicates a certain amount of apprehension regarding the size of the next crop.

The invisible supply is probably not much more than half the size last August 1, about 964,000 bales. Probably next August 1 will see a loss of 2,500,000 bales for the season. In order to make a comfortable situation, the new crop will have to be at least 2,500,000 bales larger than last year. That would make the new crop about 12.5 millions. It is a question whether such a figure will be reached. In that case, the world supply situation will be more tight, in proportion to the distance away from the 12.5-million point. The entire situation is rendered uncertain by these factors, and nervousness over the outlook is reflected in the current price of the commodity. Naturally the finished goods market has been thrown into a turmoil by these developments.

THE TREND

STEEL—Production continues at high point. Prices irregular with downward trend. New Orders Falling Off. Pig iron production very large but new demand is on the decline.

METALS—Low copper prices evidently reached and a higher market is in sight. Statistical position grows more favorable. Other metals dull and irregular.

OIL—Prices Irregular. Over-production affects general situation.

SHIPPING—Conditions very depressed. Rates at low point. Outlook poor.

SUGAR—Prices reactionary and will probably decline further.

COTTON—Strong market due to unfavorable weather reports. Europe a heavy buyer.

SUMMARY: General conditions in industry good but a lower rate of production is the outlook during the next several months. Commodity prices stabilizing. Labor well employed. Money situation firm. Prospects for business in general are not quite as good as at the beginning of the year but nevertheless fair.

SERVICE SECTION

ANSWERS TO INQUIRIES.

Industrial Inquiries

LONG-PULL POSSIBILITIES

Subscriber interested in companies with low capitalization whose stocks offer possibilities of large appreciation in value, if held for several years

For many years I have been interested in the stock market and, of course, I have been taught a good many lessons. One of these is that as a trader, I do not qualify, for I have noticed that whenever I am very active in stocks getting in and out, the ultimate result has always been unsatisfactory. On the other hand, I have made considerable money by purchasing good stocks and holding for the long pull, and this is the only way in which I intend to be interested in stocks in the future.

I fully realize that conditions are constantly changing and a company which may appear to be in a very favorable position now, may not look so good a year from now. However, I propose to buy stocks of two or three companies which appear to have a business that is steadily expanding and whose capitalization is relatively low. Can you help me with any suggestions? P. R. L., Brockton, Mass.

There is no question that the method you outline is one of the best ways to make money in stocks. Of course, it is not necessarily infallible, for as you state, conditions are constantly changing and no one can be sure what the future holds in store for any company. However, by careful study of conditions surrounding various companies, selections can be made with a fair chance of success. The three companies mentioned below appear in many ways to meet your requirements.

Foundation Company is on of the largest construction companies in the United States. At the present time it has orders of 30 million dollars on its books. In the past five years, it has completed over 123 million dollars worth of business. In view of the large amount of business handled by the company and its growing importance, capitalization appears very conservative, there being only one million preferred stock and 40 thousand shares of common. The company's business has shown a steady growth and there appear to be good possibilities of further expansion, especially in foreign fields. Earnings this year are estimated at around $20.00 a share.

Associated Drygoods appears to be definitely on the up-grade. Earnings on common in 1921 were 10.26%, in 1922, 16.44%, and earnings this year are understood to be running slightly better than in 1922. This company is a holding company for several large drygoods houses. Capitalization consists of 20½ million preferred stock and 149 thousand shares of common. There is no funded debt.

Martin Parry is the dominant factor in its field which is the manufacture of standardized commercial bodies. The company's business has shown a steady expansion and the outlook appears very encouraging. There are 100 thousand shares of stock outstanding which constitutes the entire capitalization of the company. In 1922, $4.00 a share was earned on the stock and earnings this year are expected to be materially higher. The company appears to offer very good possibilities for future growth.

FOR INVESTMENT

A Few Suggestions

Not being in a position to risk my money in speculative issues I would like to have you select a few good common stocks that are a safe investment and give a good return.—N. G. H., Chicago, Ill.

When you purchase common stocks you are not investing your money conservatively. As a matter of fact, you are really speculating to a certain degree, for common stocks are immediately affected by any change in the company's affairs and, should conditions turn unfavorably, dividends on some of the best common stocks can be passed or reduced. Therefore, unless you can afford to assume a certain amount of risk with your money you should limit your investments to bonds and preferred stocks. Frequently by making careful selections you can get a very handsome return on your money in these issues. The following issues give an attractive yield and we consider them good investment opportunities. Suggest that you divide your funds equally among them.

	Price	Yield
Sinclair Consolidated 1st lien and collateral 7s, 1937	100	7%
Manati Sugar 1st Mortgage 7½s, 1941	100	7½
American Water Works & Electric 1st preferred, 7%	89	7.8
United States Rubber first preferred 8%	100	8.0
Austin Nichols 7% preferred	83	8.4

ALLIED PACKERS 6s

A Speculative Bond

Have a few points profit in Allied Packers 6s. Would you advise taking the profit or am I warranted in holding for higher prices?—A. H. U., Elizabeth, N. J.

Allied Packers in the year ended October 31, 1922, lost approximately $800,000 after all charges, property reserves, etc. This compares with the loss of $699,943 in the 1920-21 fiscal year and was due mostly to the depression in the packing business in Canada and to the cost of maintaining Allied Packers Southern plants which were closed down for some months. It is anticipated that a more satisfactory year will be shown in 1923, due to economies put into effect and better general business in the industry. Allied Packers debenture 6s, however, are not secured by any mortgage, being simply a direct obligation of the company and should be classed as decidedly speculative, in view of the record of the company. We feel they have a fair chance of working out somewhat better but are of the opinion that more attractive opportunities at the present time exist in other securities. In our opinion, by selling these out and switching into White Motors, paying $4 and selling around 52, you will have a sounder security and one with better prospects of appreciating in value. White Motors was able to maintain its dividend right through the depression and now that conditions are so much better the dividend is very safe, in our opinion, and likely to be increased.

MOTHER LODE

Outlook for Earnings

Can you tell me just how much stock Kennecott owns of Mother Lode, also what the latter can be expected to earn on the stock under present conditions. What is the estimated life of the mine?—D. H. J.

As stated in the annual report of Mother Lode, Kennecott Copper through the Alaska Development Mineral Company owns 40% of Mother Lode stock. Alaska Development Mineral Company is a subsidiary of Kennecott, the latter owning the entire capitalization. Kennecott Copper officially, therefore, only owns 40% of Mother Lode stock, but affiliated interests own sufficient Mother Lode to assure control, that is to say, 51% of the stock. In 1922, Mother Lode sold a little over 24,000,000 pounds of copper at an average price of 13.621 cents a pound. The company at the present time is producing at the rate of over 30,000,000 pounds per annum and the outlook is that this production can be increased to about 40,000,000 pounds. However, taking a smaller estimate of what the company can do in the next year, 36,000,000 pounds, earnings on the basis of 14 cents for copper should yield sufficient income to show $1 a share on the stock before charging off depreciation. With the metal selling above 15 cents, therefore, we feel that the company can well afford to maintain its

present dividend rate of $1. The best engineering opinion is that Mother Lode will have a long life. Approximately six years' ore supply at the present rate of production has been uncovered. We consider the stock at present levels attractive for a long-pull holding.

MAXWELL MOTOR

Showing Excellent Earnings

Can you give me any accurate information in regard to current earnings of Maxwell Motor? I have both common and "A" stock. Does the outlook seem favorable to you?—I. W., Lexington, Ky.

Maxwell Motor Corp. in the month of April after all charges, but before depreciation, earned $1,037,000 and for the four months ended April 30, earned $2,063,533. These four months earnings are equal to $12 a share on the $17,198,300 class A stock oustanding, entitled to $8 a share per annum non-cumulative dividends. After deducting preferred dividends to which the class A stock is entitled, earnings for the four months were equal to $2.70 per share on the 593,143 shares of no par value B stock. For the first half of May, combined output of Maxwell and Chalmers was 4,578 cars as compared with 4,652 cars in the first half of April. The company's balance sheet as of March 31, 1923, showed current assets of $18,211,776 which compares with current liabilities of $7,023,303, including $2,103,533 series B notes, due June 1, 1923. With these retired, there will only remain $4,300,000 series B notes, due in 1924, which is the only capital obligation prior to the class A stock. These earnings make both the A and B stocks appear attractive at present levels, provided earnings hold up fairly well the balance of the year. Of course, the automobile industry has been unusually prosperous the first four months

(*Please turn to page* 356)

Inquiries on Mining Securities

MAGMA COPPER

Convertible 7s Have Possibilities

As a stockholder of Magma Copper I would like to have your opinion as to the desirability of increasing my investment in this company by a purchase of the 7% convertible bonds. By purchasing these convertibles I would be getting an immediate return on my money and would not be assuming as much risk as I would assume by purchasing the stock. What in your opinion is the outlook for Magma?—B. A. H., Canton, Ohio.

Magma Copper Convertible 7s are convertible into the stock at 33⅓. At present prices of around 115, the yield of the bonds, if held to maturity, is approximately 5.05%. The bonds are redeemable at 105 on or before June 1, 1927, and from then on at lower prices to maturity. However, it is highly unlikely that these bonds will be called as the company needs all its working capital at the present time in the conduct of its business. Magma Copper recently resumed operations. Capacity of its concentrator has been increased to 600 tons a day and a broad-gauge railroad from Superior to Magma Junction is nearing completion. A new smelter at Superior is expected to be completed before the end of the year. These improvements will reduce production costs, and at the present time earnings of the company should be running at the rate of close to $5 a share. When all improvements are completed, Magma Copper will undoubtedly be one of the lowest cost producers of copper in the United States. We feel that an optimistic view of the property is warranted and that the convertible 7% bonds, if held for the long pull, may show a very substantial appreciation in value, due to the convertible privilege. We consider that this would be a desirable way to increase your investment in the company.

ANACONDA

A Well Fortified Company

Do you consider that the recent large increase in the capitalization of Anaconda Copper Mining Co. is a good thing for shareholders? I realize that valuable properties have been acquired, but has this not been more than offset by the much greater capitalization of the company? Is there any prospect of shareholders receiving larger dividend payments in the near future?—A. G. H., Santa Barbara, Cal.

Although, as you state, capitalization of Anaconda has been greatly increased by the acquisition of American Brass Company, and Chile Copper, we consider that this has been a favorable development for the stockholders, as Anaconda now is a complete operating unit. Its own subsidiary furnishes the market for all the copper it can produce. American Brass business has been running at a record rate and is fully justifying the investment made in this company by Anaconda. Chile Copper is one of the lowest cost producers in the world, and dividends now being paid on the stock are more than sufficient to cover the interest requirements on the bonds which were sold to finance this purchase. There is no question but that earnings of Anaconda in 1923 will show the present dividend of $3 earned with a very substantial margin to spare. Whether the dividend will be increased or not, of course, depends on conditions in the metal market. The clearing up of the European situation would undoubtedly bring a greater demand for copper and probably result in a stiffening of the price. We consider that there is a very fair chance of Anaconda stockholders receiving a larger dividend in the near future.

HOLLINGER

Good Mining Speculation

Back in 1920 I purchased 500 shares of Hollinger Consolidated Gold Mines Ltd. at $6 a share. In addition to receiving a substantial dividend, my investment now shows me 100% profit. Would you advise taking this profit or continuing to hold the stock?—O. W. S., Allentown, Pa.

Hollinger Consolidated Gold Mines, Ltd., in 1922, earned $1.06 per share after substantial charges for depreciation. This compares with $0.84 per share earned in 1921. While no one can be absolutely certain of what lies under the ground, indications are that there are still big values in this property and that it should have a long life. Production to date has aggregated about 63 millions largely from the 800 foot level and the Porcupine mines ore deposits have been proven below the 3,000 foot point. Although operations in 1922 were highly satisfactory, the outlook is for still larger earnings, as the company has decided to increase its present mill capacity from 4,000 to 8,000 tons a day. While we consider the stock a good holding, a 100% profit is not to be lightly overlooked, and our advice is that you take profits on half your holdings and retain the balance.

NIPISSING MINES

Ore Reserves Smaller

Please let me have a report on Nipissing Mines. I particularly would like to know how ore reserves stand and the problematical life of the property.—J. K. L., Jamestown, N. Y.

Nipissing Mines for the year ended December 31, 1922, earned 89 cents a share on the stock as compared with 75 cents a share the previous year. While this is a better showing known ore reserves have now been reduced to 2,615,000 ounces. In 1922, production was 3,423,000 ounces, so that reserves are considerably less than a year's supply. Of course, in a silver mine such as this, large reserves are never blocked out in advance and further development work will undoubtedly uncover additional pay ore. It is good opinion, however, that this mine has seen its best days and that earnings are likely to fall off in the next few years. That the management fully realizes this possibility is indicated by the efforts they have made

SPECIAL REPORT DEPARTMENT

WE have had so many requests for special reports on lists of securities and for complete analytical reports on individual stocks and bonds that we have organized a Special Report Department to handle this work. Charges will vary with the amount of research work necessary, but in all cases estimates will be submitted. A complete report on any stock or bond listed on the New York Stock Exchange will be supplied for $25. In analyzing lists of securities definite recommendations are made and desirable switches suggested. This new service does not in any way interfere with the present free service supplied by the Inquiry Department to subscribers which entitles them to a brief report on any three securities.

to locate other properties. In the annual report it is stated that "a large number of properties were examined during the year but none of them proved of value. Several other properties are under consideration." It is well known that mines in the Cobalt district die hard, and Nipissing may be able to show fair profits for several years to come. The stock has a liquidating value of over $3 a share and at present price of 5 can be considered a fair speculation.

KERR LAKE

Good Dividend Record

What can you tell me about Kerr Lake? This stock has been a good dividend payer but can it keep it up much longer?—S. R., New York City.

As you state, Kerr Lake has been a good dividend payer as in no year since dividends were inaugurated in 1905 has the company failed to make a cash payment to stockholders. Current dividend rate of 12½ cents quarterly gives a return of 15% at present price of 3. For the year ended August 31, 1922, the company earned 68 cents a share on the stock, comparing with 79 cents a share in the previous year. In addition to its Cobalt property, Kerr Lake owns a 60% interest in Vipond Silver Co. which produced nearly a million ounces of silver in 1922. In the current year operations were suspended at Cobalt for several months, due to low price of silver and high operating costs. Ore reserves are small, but the company has acquired additional property which may hold good values. Financial condition is strong. The stock has speculative possibilities at present levels.

New Security Offerings

GURNEY FOUNDRY, LTD., 6½s

A Good Investment

I have received a circular from S. W. Strauss & Co. regarding an issue of First Mortgage 6½% Bonds of the Gurney Foundry Co. Do you recommend them as a good investment?—H. G. A., Toronto, Can.

The Gurney Foundry Co., Ltd., have been established since 1843, and is the largest concern in Canada, manufacturing boilers, radiators, stoves, kitchen equipment and similar specialties. There are outstanding $1,200,000 of the 6½% Serial First Mortgage Bonds. Plants are valued at approximately $2,900,000, and profits for the five years ended December 31, 1922, have averaged over $190,000, as against interest requirements of $78,000 annually on the issued bonds, which will decrease as bonds are retired. At the offered price of par, we consider them a good investment.

JERSEY CENTRAL POWER & LT.

7% Preferred

Will appreciate having your opinion in regard to Jersey Central Power & Light 7% preferred stock which is being offered at 92½.—R. T. W., Port Chester, Conn.

Jersey Central Power & Light through its subsidaries supplies electric power and light to 42 cities and municipalities in central New Jersey with a population of 100,000, and also the cities of Wilmington, N. C., St. Petersburg and Clearwater, Fla., with a population of 100,000. For year ended March 31, 1923, consolidated earnings before deducting depreciation and reserves were equal to 3¾ times the annual dividend requirements on the preferred stock. The preferred stock is entitled to 7% cumulative dividends and shares equally with the common after 7% has been paid on both until the preferred has received 10%. Accompanying the present issue of preferred stock are detachable warrants entitling the holder to purchase 2 shares of common stock for each share of preferred at $20 a share from July 1, 1923, to July 2, 1924, and at $25 a share from July 3, 1924, to July 2, 1925. The company's properties have recently been reported upon by Sanderson & Porter, Engineers, and show a substantial equity in excess of total funded debt and this preferred stock. At the offered price of 92½ to yield 7.57% we consider the preferred a good business man's investment.

ERIE RAILROAD EQUIPMENT 6s

Desirable Short-Term Issue

I have $5,000 to put into safe bonds and have been told that the railroad obligations covering locomotives and cars are good investments; that, owing to the railroads needing locomotives and cars, they always take good care to see that any mortgages on them are taken care of. With this idea in mind, I have been thinking of buying the Erie Railroad Equipment 6s, but have hesitated doing so because I know the Erie is considered a weak road, and I have been wondering if I am not wrong in my idea that these bonds will make a good investment.—D. E. C., Brooklyn, N. Y.

We presume you refer to the Erie Railroad Equipment 6s, Series JJ, recently offered. As a general proposition, equipment issues are among the best of investments for the reason that, while a road may not be in good financial condition, it needs cars and locomotives in conducting its business and holders of equipment bonds can take the equipment away from the road if it does not take care of the interest on the obligations. There are outstanding $7,860,000 of these 6s, payable in installments from 1926 to 1937. They are a mortgage on new cars valued at around $10,500,000, ownership of which is vested in a Trustee and the equipment leased to the Erie Railroad, which has guaranteed to pay sufficient amounts to retire the bonds as they mature and pay interest on them. They are selling on a 6% basis, which, in view of the security, we regard as attractive.

ASSOCIATED SIMMONS HARDWARE COMPANIES 6½s

Business Man's Investment

Please let me know what you think of the Associated Simmons Hardware Companies' 6½% notes. A bond salesman has called my attention to them. Do you consider them safe and a good investment?—A. C. D., Syracuse, N. Y.

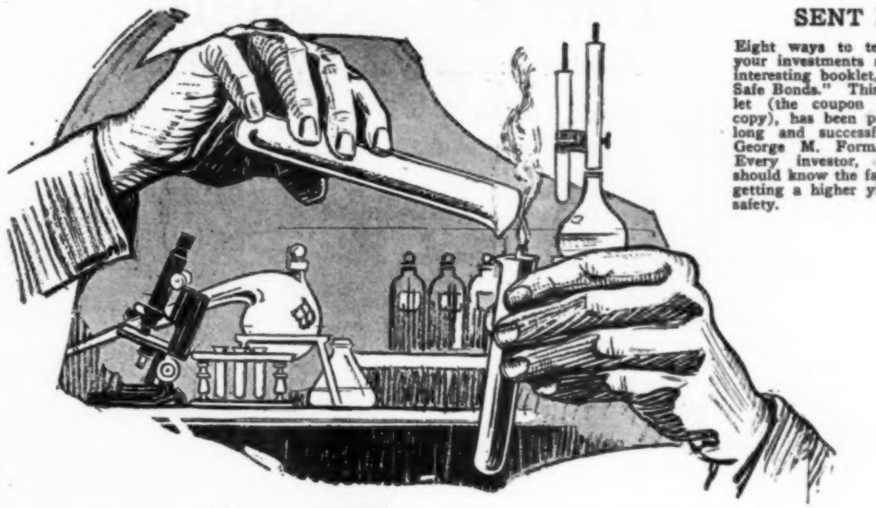
The Associated Simmons Hardware Companies carry on the most extensive hardware business in the country. The new issue of $10,000,000 6½% gold notes, while not protected specifically by mortgage, have no prior liens ahead of them, except minor mortgages aggregating $490,000, and no new mortgages, other than purchase money mortgages can be created. The company agrees to at all times maintain quick assets equal to 1¼ times amount of the note issue and all direct current obligations. Earnings for the ten-year period ended December 31, 1922, after inventory adjustments, not including interest and Federal taxes, have averaged $1,355,000 annually, or about twice interest requirements on these notes. We regard them as a good business man's investment at the offered price of 98, although we would not list them in the gilt-edge class of bonds.

METROPOLITAN POWER 6s

A Sound Issue

I am considering buying two of the Metropolitan Power Co. First Mortgage 6s. Would you class them as a good investment for one who does not wish to take any risk and at the same time desires to get as good an income as possible.—G. L. M., Knoxville, Tenn.

The Metropolitan Power Co. is a subsidiary of the Metropolitan Edison Co., who agree to purchase sufficient power from the former to enable them to earn at least sufficient to take care of all interest, maintenance and depreciation charges. The First Mortgage Gold Bonds, Series A, 6s, will be a prior lien on a generating station being constructed on the Susquehanna River near Middeltown, Pa., which will have an initial capacity of 30,000 k.w., but can be extended to 200,000 k.w. The contract with the Metropolitan Edison Company will be pledged under the mortgage. Earnings of the parent company for the year ended April 30, 1923, were 4¾ times interest requirements on the Metropolitan Power Co. 6s, and, at 96, yielding 6.30%, we regard them as a good investment.



SENT FREE

Eight ways to test the safety of your investments are given in this interesting booklet, "How to Select Safe Bonds." This important booklet (the coupon will bring your copy), has been prepared from the long and successful experience of George M. Forman & Company. Every investor, large or small, should know the facts it gives about getting a higher yield with positive safety.

How to Apply The Acid Test to Your Investments

PICTURE, if you can, a man behind a cashier's window—for 38 years lending millions upon millions of dollars to thousands of borrowers—and receiving every dollar in return without the loss of as much as a cent in principal or interest. That is what "38 Years Without Loss to a Customer" means. And here, in a word, is the acid test of any investment: "Can I depend absolutely upon the integrity and business knowledge of the man who handles my money?" That is the final test.

But for the further protection of the investor we have devised 8 tests of safety, developed from our years of experienced judgment in investigating in detail thousands of properties. These tests have been conveniently compiled in simple, concise form which will help you to select your investments with utmost care. Every investor, large or small, has constant use for this accurate index to safety when buying his investments.

Two Investment Books Sent Free

The 8 tests of safety in booklet form will be sent to you absolutely free. They have prevented loss for thousands of investors and may save you, too, from such a misfortune. We will also send you "How to Select Safe Bonds"—an investment book which gives clearly and definitely all the important phases of investment procedure. It will help you in selecting your investments to choose those best suited to your needs. These two booklets are free to every investor. Mail the request blank today for your copies. No obligation.

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The Re-Loaders

Another Exposé by the I. V. C., Inc.

By G. W. B. WITTEN

RALPH W. BUDD, Manager, I. V. C., Inc.

BAITING THE HOOK

A scene from the newest I. V. C. film "The Re-loaders," depicting one of the most successful and one of the rottenest schemes by which fake promoters separate even the poor from the money they have. The Committee is strenuously combatting this sort of fraud in a unique film campaign to be shown in leading theatres throughout the country.

AMONG the most efficient and dangerous of the stock-swindling fraternity are the so-called re-loaders. The re-loader is an individual who preys on investors in defunct or nearly defunct industrial companies. These precious criminals, following a subtle policy, attempt to engage the interest of investors who have lost money by investing in enterprises which, though honestly started, were unable to show profitable results to their stockholders.

The approach of the re-loader is simplicity itself. Working on the credulity of the investor who has lost money in such a type of enterprise, he tells him that he—the re-loader—can help the unfortunate investor recover his losses provided the investor puts up another sum of money, generally 25% of the original investment.

A re-loader likes to use a good industrial proposition that has attempted to do business along legitimate lines, but which through mismanagement or other unfortunate circumstances is on the verge of bankruptcy, or is even in bankruptcy. Generally it happens that the officers of such a company are men of good intentions and high standing in their communities. These men unfortunately are sometimes limited in their ability. They easily fall victim to the re-loader because they are probably made unhappy by the fact that those who placed confidence in them have lost their investment. So they reach out and grasp at any straw which might save the situation.

Using men of this type, the re-loader works in the background outlining a scheme which looks as though the whole proposition can be put on a paying basis. From the management who are anxious to get matters right he obtains the list of stockholders, and very often he gets the management to sign all letters sent out to them. However, though his plan for re-organization may be very feasible, and if properly carried out would probably put the enterprise on a paying basis, the re-loader always gets the stock so tied up, and takes such a large commission himself for his work, that by the time he is through with it the enterprise is in a worse condition than it was before.

Realizing the harm that can be done the investing public by the re-loader, the Investors' Vigilance Committee, Inc., decided to base the story of the second picture of their moving-picture series on his activities, and have now produced a two-reel feature entitled "The Re-Loaders," which carries a message of vital importance to the American public.

THE END

Nothing—not even life itself—is proof against the wiles and compunctionless schemery of the fake stock swindler. What Commerce Chambers, in cooperation with the I. V. C., can do to stamp out the breed responsible for this sort of horror is a work that cannot wait to be done, but must be done NOW.

The Buckley-Ferguson Co., producers of this picture, have spared neither pains nor money to make it the best picture of its kind ever produced. The cast which includes Audrey Wells and Gordon Standing, is carefully selected from the screen's best talent. The scenes are all authentic. The opening scene, which depicts the re-loaders, who are just finishing a prison term, making their plans for the next clean-up, was taken at one of the State Prisons. Other scenes are from carefully selected locations, and the interiors are all the result of long study and observation by technical directors of experience.

This is a story of a man of big affairs in a small community, who has attempted to conduct a big industrial enterprise that was really beyond his ability. The enterprise has slowly, but surely, gone steadily on the downward path. The president and general manager has always been able to hold his head high among his fellow men, but now he realizes that his great venture is on the verge of collapsing, and he knows that this will mean the loss of his prestige. His daughter, a young and attractive girl of the local society, makes numerous demands upon him for the many luxuries that girls even in small towns expect from their parents. He is unable to meet his business demands, so takes his daughter into his confidence.

(Please turn to page 372)

This page has been donated by THE MAGAZINE OF WALL STREET *for the express purpose of presenting regularly the work of the Investors' Vigilance Committee, Inc., with whom we are cooperating in conjunction with the Chambers of Commerce and other Business Organizations of the Nation.*

The statements contained herein are not guaranteed but are based upon information which we believe to be accurate and reliable.—Editor.

A TRUE PICTURE OF THE RAILROAD SITUATION TODAY

(*Continued from page* 301)

Legislature to further state control over the carriers. Many of these bills would have succeeded in doing little else than further tying the hands of railroad officials. There is too much outside interference in railroad management as it is, without attempting to aggravate the situation further. Few results were obtained from the load of political ammunition hurled at the carriers, but the situation confronting them in the coming session of Congress is serious enough to warrant action on the part of those who are interested in the welfare of the railroads and the country. Not only will the radical element be a strong factor in Congress, but there also appears to be strong organization outside of Congress which are not favorably disposed toward the carriers, or probably more favorably disposed toward their own interests.

All sorts of attempts have been made to prejudice public opinion, but if the public were enlightened as to the real situation, the railroads might have less to fear in the coming year. An understanding of the truth of the railroad situation would be the strongest protection the roads could have. Railroad investors can do their part to protect not only their investments, but their business as well, by studying the facts and making their wishes known where it would do the most good. A favorite political cry has been, "Freight rates are too high on this or that commodity (the commodity referred to depending on the community whose interest the politician is bound to protect regardless of the merits of the case or the good of the country as a whole)." The most pronounced opposition has arisen from agricultural interests (where the radical element is strongest). Freight rates on agricultural products have been the subject of bitter attacks for almost two years, and the railroads have met this demand by numerous reductions.

It is interesting to see just how present farm prices and freight rates compare with those of previous years. Taking the average price of all farm products and the average revenue per ton mile of all Class 1 railroads for the five years prior to the war as 100%, we find that in the middle of 1920, the former had increased to about 246%, while the latter advanced to but 130%. Farm prices mounted rapidly beginning with 1916, and in the four succeeding years the railroads were not permitted to charge rates in conformity with the inflated prices of agricultural products. In August, 1920, the railroads were compelled to advance the rates on farm products approximately 30%, because of rapidly mounting operating costs. The relief, however, was a little late in arriving, for, shortly after these advances were put into effect commodity prices declined sharply. In other words, freight rates were advanced at just about the time the farmer was entering on a protracted period of depression. This situation was also the direct result of the Federal method of handling the railroads, for during the period of prosperity, when the farmers could have afforded to pay a 30% advance in freight rates, the carriers were not permitted to make this extra charge, but on the other hand, these same Federal authorities watched operating expenses advance by leaps and bounds and turned the roads back to their owners with commodity prices practically at their peak and freight rates slightly higher than they were in 1916. During 1921, the railroads were forced to reduce rates on farm products, and in January, 1922, a flat reduction of from 12% to 17% was made on all agricultural products. Since the beginning of last year crop prices have advanced materially but there has been no change in freight rates. These are the facts, and, despite these facts, the farmers through their political representatives in Congress are still seeking lower rates. Not content with this destructive policy, the same representatives have expressed their intention of further tying the hands of railroad managers by legislation which will give the government agencies increased power to regulate the roads.

Support the Railroads!

Not since 1917 have the railroads earned a 5¾% return on the invested capital. With the exception of 1921, industrial companies have reaped enormous profits.

(*Please turn to page* 370)

New York Stock Exchange

RAILS:	Pre-War Period 1909-13 High	Low	War Period 1914-18 High	Low	Post-War Period 1919-1922 High	Low	1923 High	Low	Last Sale June 13	Div'd $ per Share
Atchison	125⅜	90¼	111⅛	75	108½	91¾	103⅞	97⅜	101¼	6
Do. Pfd.	106¾	96	102⅛	75	95½	72	90⅜	87½	89⅞	5
Atlantic Coast Line	148½	102½	126	79⅞	124⅞	77	127	110⅛	120	7
Baltimore & Ohio	122¼	90⅝	96	88¼	60¼	27⅝	56⅛	40⅛	51⅜	..
Do. Pfd.	96	77¼	80	48¼	66¼	38½	60⅜	55¼	58	4
Canadian Pacific	283	165	220⅛	126	170⅞	101	160	140¼	153⅛	10
Chesapeake & Ohio	92	51⅛	71	35⅝	79	46	76⅜	62	64⅛	4
Ches. & Ohio Pfd.	..	..	..	..	105⅝	100⅝	104⅞	99½	‡99⅛	6½
C. M. & St. Paul	165⅛	96⅜	107⅛	35	52¾	16½	26⅜	19⅝	22⅛	..
Do. Pfd.	181	130½	143	62½	76	29	45½	32½	39	..
Chicago & Northwestern	198½	123	136⅞	85	105	59	88	76	80⅛	5
Chicago, R. I. & Pacific	..	..	45⅜	16	50	22⅝	37⅞	26	30⅝	..
Do. 7% Pfd.	..	..	94¾	44	105	64	95	85	‡85	7
Do. 6% Pfd.	..	..	80	35¼	93¾	54	85	75⅛	‡77	6
Delaware & Hudson	200	147½	159½	87	141½	83¼	124½	103	112	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	130½	113⅜	118⅝	8½
Erie	61¼	33½	59½	18¾	21⅜	7	13⅝	10⅛	12¾	..
Do. 1st Pfd.	49¾	26¼	54¾	15⅛	33	11⅛	21⅝	15	19½	..
Do. 2nd Pfd.	39⅛	19½	45⅝	13⅛	23¾	7⅛	16½	10¾	15¾	..
Great Northern Pfd.	157⅞	115½	134¾	79¼	100⅝	60	80	59⅞	71¾	5
Illinois Central	162⅛	102¾	115	85¼	115¾	80⅞	117½	105	110¾	7
Kansas City Southern	50¼	21⅜	35⅛	13½	28⅞	13	24⅞	18½	21⅝	..
Do. Pfd.	75½	56	65½	40	59½	40	57¼	51	52¼	4
Lehigh Valley	121¼	62½	87⅛	50⅜	72	39¼	71⅜	60	63½	3½
Louisville & Nashville	170	121	141⅞	103	144⅞	94	155	85½	91¾	5
Mo., Kansas & Texas	51⅛	17½	24	3⅛	*19¾	*¼	17	11⅛	13	..
Do. Pfd.	78¼	46	60	6½	*48¾	*2	45½	32⅝	36	..
Mo. Pacific	*77½	*21½	38½	19⅞	38⅞	11½	19⅜	13	15	..
Do. Pfd.	..	..	64⅞	37½	63¼	33⅛	49	35⅛	39⅛	..
N. Y. Central	147¾	90⅜	114¼	62½	101⅛	64⅛	104⅛	90½	103¾	7
N. Y., Chicago & St. Louis	109¾	90	90¾	55	91½	23¾	78½	70	‡72	5
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	40⅞	12	22½	16¼	17½	..
N. Y., Ont. & W.	55⅝	25⅛	35	17	30½	16	21⅝	16⅞	17⅝	..
Norfolk & Western	119¼	84¼	147⅛	92⅝	125⅛	84¼	117⅝	105¼	108½	8
Northern Pacific	159½	101¾	118⅞	75	99⅞	61¼	81½	69⅛	72	5
Pennsylvania	75⅝	53	61½	40¼	49¾	32¼	47⅜	43⅞	44⅝	3
Pere Marquette	*36½	*15	38⅛	9½	40⅝	12⅛	47¼	36	45½	4
Pitts. & W. Va.	..	..	40⅜	17¾	94	21⅛	50⅝	33⅞	44⅝	..
Reading	89⅝	59	115½	60⅛	108	60¾	81⅛	71½	76	4
Do. 1st Pfd.	46¾	41¼	46	34	61	32⅞	56½	49	‡51	2
Do. 2nd Pfd.	58¾	42	52	33¾	65½	33¼	56¾	40½	‡51	2
St. Louis-San Francisco	*74	*13	50½	21	38⅞	10¾	27	19⅝	22½	..
St. Louis Southwestern	40⅜	18½	32⅛	11	40	10⅞	36⅜	26½	33¼	..
Southern Pacific	139⅛	83	110	75¾	118⅛	67½	95¼	87	90½	6
Southern Ry	34	18	36¾	12½	33¼	17⅛	37⅝	24¾	37	..
Do. Pfd.	86⅞	43	85¼	42	72½	42	70⅞	64	68¼	5
Texas Pacific	40½	10¼	29½	6½	70½	14	29½	19¾	23⅛	..
Union Pacific	219	137¾	164⅜	101¼	154¾	110	144⅞	132	136¼	10
Do. Pfd.	118½	79¾	86	69	80	61¼	76¼	71¼	73	4
Wabash	*27⅞	*2	17½	7	14⅜	6	11½	8⅛	9⅝	..
Do. Pfd. A	*61¾	*6⅛	60½	30⅞	38	17	34⅛	23¼	31	..
Do. Pfd. B	..	..	32⅞	18	25½	12¼	22½	16½	20½	..
Western Maryland	*56	*40	23	9¼	17¼	8¼	15	10⅛	12	..
Western Pacific	..	..	25½	11	40	13¾	20¼	15	17⅛	..
Do. Pfd.	..	..	64	35	78	51½	63⅜	53	59⅜	6
Wheeling & Lake Erie	*12⅞	*2½	27⅜	8	18¼	6	10⅝	7½	9	..
INDUSTRIALS:										
Adams Express	270	90	154½	42	84	22	82	68	‡72	5
Allied Chem.	..	..	..	..	91¾	34	80	62¾	69⅛	4
Do. Pfd.	..	..	..	..	115½	83	112	108⅝	‡108	7
Allis-Chalmers	10	7⅝	49⅛	6	59¾	26½	51¼	38½	41½	4
Do. Pfd.	43	40	92	32½	104	67½	97½	91½	‡92	7
Am. Agr. Chem.	63⅝	33½	106	47¾	113¾	26½	36⅞	15¼	16½	..
Do. Pfd.	105	90	103½	89⅛	103	51	68⅞	38½	43½	..
Am. Beet Sugar	77	19¾	108½	19	103¾	24½	49½	35½	37	..
Am. Bosch Mag.	..	..	..	..	143⅞	29⅛	60	37	38	..
Am. Can	47⅜	6⅞	68½	19¼	76½	21¾	106	73½	97	5
Do. Pfd.	129¼	98	114½	80	113⅞	72	115	106¾	108¼	7
Am. Car & Fdy.	76½	36½	98	40	201	84⅛	189	165	170	12
Do. Pfd.	124¾	107½	119½	100	126⅛	105¾	125⅞	119¼	‡121	7
Am. Cotton Oil	79¼	33½	64	21	67½	14¾	20¼	6⅝	7	..
Do. Pfd.	107½	91	102¼	78	93	33½	38¼	14	‡16	..
Am. Express	300	94¾	140½	77½	175	76	143¼	97	‡97½	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	13¼	8	‡8¼	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅜	35	73¼	40⅛	42¾	..
Am. Ice	..	..	49	8⅞	122	37	111½	90	99⅛	7
Am. International	..	..	62¾	12	132¼	21⅛	33½	21⅛	22⅛	..
Am. Linseed	20	6⅞	47¾	20	95	17¼	38	20¾	43	..
Am. Loco.	74¾	19	98¼	46⅝	136¾	58	146⅜	120⅛	141¼	10
Do. Pfd.	122	75	109	93	122¼	96½	122	115	‡117	7
Am. Safety Razor	..	..	..	..	22	3½	9⅛	6¼	‡6¼	.25
Am. Ship & Com.	..	..	..	..	47½	4¼	21⅜	11⅜	12⅞	..
Am. Smelt. & Ref.	105½	56⅝	123¾	50¼	89¾	29¼	69½	53	62½	5
Do. Pfd.	116¾	98¼	118⅛	97	109⅝	63¼	102⅜	96⅜	‡92¾	7
Am. Steel Fdys.	74½	24⅛	95	44	50	18	40⅞	34½	36¼	3
Do. Pfd.	..	..	..	..	107	78	105¼	100	‡101	7
Am. Sugar	136⅜	99⅞	126⅜	89⅛	148⅜	47⅝	85	69	71	..
Do. Pfd.	133½	110	123½	106	119	67½	108¾	101¾	‡100	7
Am Sumatra Tob.	..	..	145¾	15	120½	23¼	36⅜	24¼	22	..
Do. Pfd.	..	..	103	75	105	52¼	65¾	55⅛	..	..
Am. Tel. & Tel.	153⅜	101	134½	90⅝	128¼	92⅛	125½	121¼	124⅜	9
Am. Tobacco	*530	200	256	123	314½	104⅛	161⅛	141	146	12
Do. B	..	..	..	..	210	100⅛	159¾	140	145¼	12
Am. Woolen	40⅝	15	60⅞	12	169½	55½	109⅝	85¾	89	7
Do. Pfd.	107¾	74	102	72½	111¼	88½	111⅞	101⅛	100⅞	7
Anaconda	54⅜	27½	105⅜	24¼	77⅞	30	53½	43⅝	45⅜	3
Associated Dry Goods	..	..	28	10	68¾	48	89	62¼	77⅞	4
Do. 1st Pfd.	..	..	75	50½	86	49⅞	89	62½	‡83	6
Do. 2nd Pfd.	..	..	49½	35	91½	38	93½	88⅛	‡88	7
At. Gulf & W. I.	13	5	147¾	4½	192⅝	18	34	14⅝	17⅛	..
Do. Pfd.	32	10	74¾	9⅞	76½	15¾	27	12¾	‡13½	..
Baldwin Loco.	60¾	36½	154½	26⅝	156¼	62¼	144¼	123⅜	129⅛	7
Do. Pfd.	107½	100¼	114	90	118	92	116¾	111	‡111	7
Bethlehem Steel B	*51⅝	*18¾	155½	59¾	112	41⅛	70	50⅜	51⅜	5
Do. 7% Pfd.	80	47	186	68	108	87	97½	89¾	90¾	7
Do. 8% Pfd.	..	..	110½	92½	116⅝	90	111¼	103½	‡101	8
Burns Bros. A	45	41	161½	50	147	76	144¾	124½	‡134	10
Do. B	..	..	..	..	53	43	43	33	34½	2

Price Range of Active Stocks

INDUSTRIALS Continued:	Pre-War Period 1909-13 High	Low	War Period 1914-18 High	Low	Post-War Period 1919-1922 High	Low	1923 High	Low	Last Sale June 18	Div'd $ per Share
Calif. Packing	..	..	50	30	87½	48¼	87	79½	81	6
Calif. Petro.	72½	16	42⅝	8	71⅞	15¾	117¾	66¼	108¾	7
Calif. Petro. Pfd	95½	45	81	29½	98½	63	110½	94¾	‡105½	7
Central Leather	51¾	16½	123	25⅞	116½	22½	40½	24¼	25	..
Do. Pfd.	111	80	117½	94⅞	114	57⅛	79¾	60¼	62⅞	..
Cerro de Pasco	..	..	55	25	67½	23	50½	41⅛	42⅝	4
Chandler Mot	..	..	100⅞	50	141¼	38¼	76	58⅜	60½	6
Chile Copper	..	..	39¼	11¼	29¼	7¼	30⅜	26⅛	26⅜	2½
Chino Copper	50⅝	6	74	31⅜	50⅞	16⅜	31⅞	21¼	22⅞	..
Coca Cola	..	..	..	..	82⅜	18	83⅜	72⅝	80½	7
Colum. Gas & E.	..	..	54⅛	14¼	114⅞	39¼	114	99¼	102½	7.80
Columbia Graph	..	..	*166	*97	75¼	1¼	2⅞	1	1⅛	..
Consol. Cigar	..	..	..	..	80	13½	39⅜	24	25	..
Con. Gas	*165¼	*114½	*150⅛	*112½	*145¾	*71¼	69⅝	59⅛	61½	5
Corn Prod	26½	7⅜	50½	7	134¾	46	139¼	122¾	131½	6
Do. Pfd.	98½	61	113½	58⅛	122¾	96	122⅜	116¼	‡116¼	7
Crucible Steel	19⅝	6½	109⅞	12¼	278½	49	84½	63½	71¼	..
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	5⅝	20	12⅝	13	..
Cuban Amer. Sugar	*58	*33	*273	*38	*605	10⅞	37¾	23½	29⅞	..
Endicott-Johnson	..	..	..	..	150	44	94¼	67	68⅞	5
Do. Pfd.	..	..	..	..	119	84	118	111	‡114¾	7
Famous Players	..	..	..	..	123	40	93	73¼	80¾	8
Do. Pfd.	..	..	..	..	107⅜	66	99¾	90	92	8
Freeport Tex.	..	..	70½	25¾	64⅛	9½	22	12½	13⅛	..
Gen'l Asphalt	42⅞	15½	39⅜	14¼	160	32½	54	29¼	30	..
Gen'l Electric	188½	129¾	187¼	118	190	109½	190⅛	170½	181	8
Gen'l Motors	*51¼	*25	*850	*74½	42	8⅛	17½	13¼	14¾	1.20
Do. 6% Pfd	..	..	99½	72¼	95	63	89	83	‡83	6
Do. 6% Deb	..	..	..	..	94¼	60	90	82¾	83¼	6
Do. 7% Deb	..	..	..	..	100	69	105	96¾	‡97½	7
Goodrich	86½	15½	80¼	19⅝	93⅜	26⅝	41⅛	28½	28	..
Do. Pfd.	109¾	73⅜	116¼	79⅞	109½	62½	92½	84	88½	7
Gt. Nor. Ore	85½	25½	50⅜	22½	52¼	24⅞	36	27½	28¾	2
Houston Oil	25½	8¼	86	10	116½	40½	78	50	61½	..
Hudson Motors	..	..	..	..	26¼	19½	32¾	23¾	24½	2
Hupp Motors	..	..	11¾	2½	26⅛	4⅝	29½	20⅜	21¾	1
Inspiration	21⅝	13⅞	74¾	14¼	68⅞	28	43¾	31½	32⅝	2
Inter. Mer. Marine	9	2⅛	50⅞	⅝	67¾	7⅜	11⅝	6½	7	..
Do. Pfd.	27⅝	12½	125⅝	8	128½	36	47	26¾	28	..
Inter. Nickel	*227¼	*135	57½	24½	33⅞	11⅛	16¼	13⅜	14¼	..
Inter. Paper	19¾	6½	75½	9½	91⅜	30¼	58⅝	39½	41⅛	..
Invincible Oil	..	..	..	..	47¼	5½	19¼	13	13	..
Kelly Springfield	..	..	85¼	36⅞	104	25½	62⅛	39¼	40¼	..
Do. 8% Pfd	..	..	101	72	110¼	70¼	108	96¼	97½	8
Kennecott	..	..	64¼	25	43	14⅝	45	34⅝	36⅛	3
Keystone Tire	..	..	46½	11	126¾	4¾	11½	6	6⅛	..
Lackawanna Steel	55½	28	107	26½	107¾	32	..	..	..	..
Lima Locomotive	..	..	..	..	65⅜	52	74⅞	58⅝	64¾	4
Loews, Inc.	..	..	..	..	38⅜	10	21¼	14½	16½	..
Loft, Inc.	..	..	..	..	28	7¾	11¾	7¼	‡7⅜	..
Miami Copper	30¼	12¾	49⅜	16½	32¾	14⅛	30½	25¼	‡25¾	2
Middle States Oil	..	..	..	..	71¾	10	12¼	8½	8⅝	1.20
Midvale Steel	..	..	98½	89½	62¼	22	33⅜	26¼	26¼	..
Nat'l Lead	91	42½	74⅝	44	129¼	63½	136¾	111¼	119	8
N. Y. Air Brake	98	45	136	55⅞	145¾	45⅛	51½	46	47½	4
N. Y. Dock	40¼	8	27	9¼	70¾	16¼	27	18⅜	‡18⅜	..
North American	*87⅞	*60	*81	*38⅞	100¾	32¼	24¼	17½	20¾	2
Do. Pfd.	..	..	..	..	47¼	31⅞	48½	43⅝	43¾	3
Pacific Oil	..	..	..	..	69⅜	27½	48⅞	35	35½	2
Pan. Amer. Pet.	..	..	70¾	35	140¼	38⅛	93½	67½	70⅞	8
Do. B	..	..	..	..	111¾	34⅛	86	63½	66½	8
Philadelphia Co.	59¼	37	48⅞	21½	48	26½	50¼	41¼	46	4
Phillips Pet.	..	..	..	..	59¼	16	69⅝	46¾	47¾	3
Pierce Arrow	..	..	65	25	99	9¼	15¼	9¼	9⅝	..
Do. Pfd.	..	..	109	88	111	18⅞	35⅝	20	21	..
Pittsburgh Coal	*29⅜	*10	58¼	37½	74⅝	45	67⅞	58	‡63	4
Pressed Steel Car	56	18½	88¼	17¼	113¾	48	81½	51½	‡[illegible]	..
Do. Pfd.	112	88½	109⅜	69	106	83	99¾	86	‡88	7
Punta Aleg. Sug	..	..	51	29	120	24¾	69¼	43	55⅛	..
Pure Oil	..	..	142⅞	31⅞	61⅞	21½	32	19⅛	20	2
Ry. Steel Spg	54½	22¾	78½	19	126¼	67	123	108	‡110	8
Do. Pfd.	113⅜	90¼	105½	75	120	92⅛	40	40¼	‡114¼	7
Ray Cons. Cop.	27½	7½	37	15	27½	10	17⅛	12½	12¾	..
Replogle Steel	..	..	..	..	93½	18	31¾	18	18	..
Republic I. & S.	49½	15¾	96	18	145	41⅛	66¾	46¼	49½	..
Do. Pfd.	111¼	64½	112⅝	72	106¾	74	96⅞	89	‡95¼	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40½	55⅛	42½	47½	3.52
Shell T. & T.	..	..	..	..	90¼	30⅞	41¼	34⅜	‡34¼	.92½
Sinclair Con. Oil	..	..	67⅛	25¼	64¼	16½	39⅜	25⅝	26⅛	2
Stand. Oil N. J.	*448	*322	*800	*355	*212	38⅜	44¼	33⅛	‡33¼	1
Do. Pfd.	..	..	..	..	120	100⅛	118	115	‡115¾	7
Stromberg Carb.	..	..	45¼	21	118¼	22⅛	94½	62¼	70¼	7
Studebaker	49½	15¾	195	20	151	37¾	126⅜	106⅛	110½	10
Do. Pfd.	98⅜	64½	119½	70	118¼	76	114¼	112	‡114	7
Tenn. Cop. & Chem	..	..	21	11	17¼	6⅛	12¾	9⅜	9¾	1
Texas Co.	144	74½	243	112	57¾	29	52⅞	43¾	43¾	3
Tex. Pac. C. & O.	..	..	..	..	195	15¾	24¾	13⅜	12¾	1
Tobacco Prod.	145	100	82⅜	25	115	45	61½	49½	54	..
Transcontl. Oil	..	..	..	..	62¾	5⅝	14½	6⅜	6⅝	..
United Fruit	208½	126½	173	105	224⅞	95¾	183	152½	‡165	10
Un. Retail Stores	..	..	..	..	119¼	43½	84⅛	64⅜	‡76	3½
U. S. Ind. Alco	57¼	24	171½	15	167	35¼	73¼	48¾	54½	..
U. S. Rubber	59½	27	80½	44	143¾	40½	64⅞	49	49	..
Do. Pfd.	123½	98	115¼	91	119½	74	105	98¼	99½	8
U. S. Smelt. & R.	59	30⅜	81½	20	78¼	26	43⅜	28	‡28¼	..
U. S. Steel	94⅞	41¼	136⅝	38	115½	70¼	109⅝	93⅞	95½	5
Do. Pfd.	131	102½	123	102	117½	104	123½	116¼	118	7
Utah Copper	67½	38	130	48½	97½	41⅛	76½	61¾	65¼	4
Vanadium	..	..	..	..	97	25⅛	44⅝	30	31¾	..
Va.-Caro. Ch.	70⅜	22	60¾	15	92½	20¾	27	8	9⅛	..
Do. Pfd.	129½	62	115⅜	80	115⅞	57¾	69	24½	26	..
Western Union	86¼	56	105½	53⅜	121¼	76	119½	104	108	7
Westinghouse Mfg	45	24⅜	74⅞	32	59⅞	38⅞	67⅛	52⅞	57	4
White Motors	..	..	60	30	86	29¼	60⅞	48⅝	52⅛	4
Willys Over'and	*75	*50	*325	15	40¼	4½	8½	6½	6½	.
Wilson Co.	..	..	84¼	42	104⅞	27⅛	42¾	25¾	27	.
Woolworth	177⅞	76⅛	151	81½	223	100	243	199½	231¼	8

* Old stock. ‡ Bid price given where no sales made.

ANSWERS TO INQUIRIES

(*Continued from page 347*)

of the year and, should there be a very drastic slowing up, Maxwell earnings may drop off materially.

The company now appears to have an efficient management and we are inclined to take an optimistic view of the long-pull possibilities of both stocks.

VIRGINIA-CAROLINA 7½s
Outlook Uncertain

Have been landed with a few Virginia-Carolina Chemical 7½% bonds at well over 90. Would you sell out at present price of 80 or hold on?—C. A. D., Champaign, Ill.

Virginia-Carolina Chemical Co. 7½% bonds, due 1937, of which there are $12,500,000 outstanding, are preceded by $22,500,000 first mortgage 7s, due 1947. While Virginia-Carolina's financial condition at the present time is not dangerous and the company can probably pay the interest on the 7½s this year, the outlook is not particularly encouraging. Virginia-Carolina Chemical for the year ended May 31, 1921, reported a deficit of 18 millions and for the year ended May 31, 1922, a deficit of nearly two millions. It has been officially stated that for the year ended May 31, 1923, another deficit will be shown, although this may not be a large one. Competition in the fertilizer industry is very keen and the margin for profit small at the present time. Moreover, this company is largely interested in the cotton-oil business, which is very poor and which is likely to continue poor for some little time. We should say that the bonds have possibilities of doing better, for conditions in the company's business may improve. However, they are in a very speculative position and we would advise a switch at this time into American Water Works & Electric 6% participating preferred stock, selling around 60. This company's earnings are showing the 6% dividend on the participating preferred about three times earned. It is only on a 4% basis now, but in view of these excellent earnings, the 6% rate is anticipated very shortly. By making this switch, you would ultimately, in our opinion, get nearly as good a yield as the Virginia-Carolina Chemical bonds show at present prices, and, in our opinion, have a safer security.

MISSOURI PACIFIC PREFERRED
'Frisco Preferred More Attractive

Missouri Pacific preferred stock of which I hold 100 shares shows me a loss of about fifteen points. Would you advise purchasing an additional 100 shares at the present time or would it be better to switch into some other security that may make up my loss more rapidly?—H. C. M., Carlisle, Pa.

Missouri Pacific for the year ended December 31, 1922, reported a deficit of $1,413,712 after charges, which compares with a surplus of $3,537,016 in 1921, which surplus was equal to 2.18% on the preferred stock. In the current year, earnings have not been showing up well and for the first four months, allowing for seasonal variations, earnings were at the rate of only 65% of the road's charges. Under these circumstances, dividends on the preferred stock appear rather remote, especially when it is considered that the earnings of many roads for the first four months of this year showed up very favorably. It is true that Missouri Pacific is in good financial condition, and its holdings in Texas Pacific may some day bring in additional revenue, but we feel that there are more attractive opportunities in other stocks. An excellent switch, in our opinion, would be into St. Louis-San Francisco 6% preferred stock, selling around 41. For the year ended December 31, 1922, the company earned 9.10% on the preferred which compares with 42.53% earned in 1921. Earnings in the current year are running at the rate of close to 20% on the preferred stock. The road is in good financial condition with no bank loans. There is only $7,841,200 preferred stock outstanding which is followed by 50 million common. We feel that this stock is very much closer to dividends than Missouri Pacific preferred and that, by making this switch, you would be in a better position.

AJAX RUBBER 8s
Appear Well Protected

I am considering the purchase of Ajax Rubber 8s selling around 97. What is your opinion of this bond and can you suggest another bond that gives a high yield and that is a good business man's investment?—J. J., Alton, Ill.

Ajax Rubber has $2,847,800 First Mortgage 8s, due 1936, outstanding. The balance sheet of September 31st, 1922, shows a Working Capital of approximately 5 million dollars, well in excess of the funded debt. For the first quarter of 1923, the company showed a balance after interest charges of $447,717. In other words, in the first quarter over two years interest charges on the bonds were earned. We feel that the bonds are entitled to be rated as a good business man's investment, at present prices. Another bond which is well secured and shows a good yield, is the Empire Fuel & Gas 7½s, selling around 92.

PEERLESS TRUCK & MOTOR
White Motor a Stronger Company

Do you consider Peerless Truck & Motor a good investment at this time? How does this stock compare with White Motor?—S. R., Sunbury, Pa.

Peerless Motors has been showing excellent earnings and the stock has recently been placed on a $4 basis which gives a very good return on the money at 45. It is well to consider, however, that the automobile industry has been unusually prosperous for the past year and may not be able to keep up so rapid a pace. We therefore consider the stock decidedly speculative at this time. White Motors selling around 52 and paying $4 we consider a sounder proposition, as this com-

pany has a much better record, is in stronger financial condition and there exists possibilities of a higher dividend rate.

POTOMAC EDISON Co. 6½s

Another Bond Suggested

Would you recommend an investment in the Potomac Edison Co. 6½s, which are being offered me at 97, yielding 6¾%. I have $4,000 to invest in a good bond, and would like to know if you consider this one a suitable investment. Please let me hear from you as early as possible. R. A. E., Holyoke, Mass.

There are outstanding $3,900,000 of the Potomac Edison Company's First Mortgage Gold, Series A, 6½s. The company is the successor of the Edison Electric Illuminating Co. and the Cumberland Electric Railway Co., operating the power, light and street railways in Cumberland, and furnishing power and light in that vicinity. The population served is about 60,000. The bonds will be a first mortgage on the properties of the company, which, together with the power plant under construction at Williamsport, is appraised at a reproduction cost of $6,000,000. Net earnings during the past two years have been over twice interest charges. This is a fairly attractive middle-grade bond, but, in our opinion, a better holding of similar grade would be the American Water Works & Electric Company's Collateral 5s, obtainable at around 84, to yield over 7%.

YOUR INSURANCE QUESTIONS ANSWERED

(*Continued from page* 329)

the above lines would be $363.90—representing about 7½% on the money invested in the annuity. Of course, you will remember, also, that should a claim arise at any time prior to the maturity of the 20-year period of the endowment, the full amount of $5,000 would be paid to your beneficiary. Under this plan you could probably carry $10,000 Endowment insur- at the end of the period you would have twice the amount to invest in your annuity.

HIS 20-YEAR ENDOWMENT

Although not a subscriber to your magazine, I read every issue and enjoy your insurance articles very much. I shall appreciate any suggestions that you may make in my own case. I am twenty years old, income $1,500, and am holding two 20-year endowment policies for $2,500 each with the Metropolitan and Manhattan companies respectively. Both policies include the accidental death and disability benefits.

My mother, 45, has a good income at present but may be dependent upon me in a few years. She desires to take out a small policy for my benefit. What would you advise?—L. G. G., Butte, Mont.

Replying to your inquiry of May 22nd, I think you have done very well in taking insurance, for $5,000 in all, on the 20-Year Endowment plan. Both companies you name are good, sound, "Old-Line" corporations, and you need not worry about the stability of either.

I would not advise you to take insurance on your mother's life. You do not need protection against her death because it is evident that you may have to help her while you are in no way dependent upon her.

CURRENT BOND OFFERINGS

Increased Volume of New Issues

VOLUME and number of new bond issues, of practically every variety, continued to show an increase. There was an especially large amount of offerings from states and municipalities, accounting for fully half of the total amount of new issues.

The feature was the $25,000,000 offering of the Austrian loan out of a $130,000,000 issue offered simultaneously in Europe and elsewhere. This issue was said to be considerably over-subscribed with the effect of toning up the entire bond market.

Public utility issues were present in considerable number though none of them were especially large or important.

A feature of the state and municipal issues was the $22,000,000 issue of Iowa bonds, funds to be used for veteran bonus disbursement. There were a large number of land bank bonds, which were quickly taken. Tax-exempt feature of these bonds as well as of state and municipal issues are considered attractive by large investors.

NEW BOND OFFERINGS

	Amount	Off'd Yield (%)
STATE AND MUNICIPAL		
State of Iowa....	$12,345,000	4¼
	9,655,000	4½
San Antonio, Tex..	1,000,000	4.60–4.75
Trumbull Co., Ohio	2,000,000	4.40–4.50
Erie Co., N. Y....	930,000	3.90
Jersey City, N. J...	4,274,000	4.25–4.35
State of Maryland..	1,650,000	4.15–4.25
FOREIGN		
Austrian loan......	$25,000,000	8.00
Winnipeg, Manitoba	1,000,000	5.20
Prov. of S'katchew'n	3,155,000	5.20
RAILROAD		
Western Md. Rwy...	$1,500,000	5.50–6.05
PUBLIC UTILITY		
Oklahoma Gas & Electric Co.......	$1,000,000	6.50
Dubuque Elec. Co..	3,000,000	6.15
Western States Gas & Elec. Co.......	2,000,000	6.30
Southwestern Utilities Corp.	1,700,000	7.50
INDUSTRIAL		
Richland Coal Co...	$1,200,000	6.50–7.00
Belgo-Canadian Paper Co.........	8,000,000	6.25
Niagara, Lockport & Ontario Co........	3,000,000	6.00
LAND BANK		
Chicago Jt. Stk. Land Bank.......	$8,000,000	4.60–4.75
Southern Minnesota Jt. Stk. Land Bank..	1,000,000	4.62–5.00
Illinois-Midwest Jt. Stk. Land Bank..	1,000,000	4.62–5.00

There were quite a number of small industrial issues with yields offered at from 6 to 7%. There was no important change in the yield basis of the new bonds.

Easier Money Rates

Money rates are somewhat easier than they have been during the past several months and advantage is being taken of this opportunity both by private and public interests who are desirous of securing funds at this time, and the investment houses who consider this a good time to sell their issues. Judging by the excellent reception given the majority of the new bond issues, this attitude would seem to be well founded.

It is quite likely that the next few weeks will see continued outpouring of new issues as a result of the temporarily improved money conditions. Nevertheless, continued output of new issues at this rate would undoubtedly clog up the market again.

ASIA'S GROWING INDUSTRIAL INDEPENDENCE

(Continued from page 309)

millions, and in the boom year 1920 they had been as high as 1,228 millions.

The answer to the question asked above is thus seen to depend on how far ahead one looks, whether three years or three generations.

Some one has wittily said that if every Chinese laborer added one inch to the length of his shirt-tails, there would be a cotton famine throughout the world—or an increased demand from all the cotton-mills of the world. The Hindu laborer receives today the barest necessities of life—a little bread, a crude hut, a few yards of cloth, meat and fish once in a while, and so on. But as industry develops his wants will increase—he will want European clothes, a better house, modern agricultural implements with which to till his fields, a more diversified and more abundant diet, perhaps a piano, or even an automobile.

Should the development of industrialism in the Far East progress as it has in the last two hundred years in this country, we should stand in the same relation to her as England to us. Our growing manufactures, with the help of English capital and English machinery, crowded English manufactures off our markets, but in turn created a demand for additional goods which England is supplying today.

The industrial growth of the Far East will therefore, in the long run, mean a shifting, not a displacement, of our exports, and this shifting may be expected, in the light of what has happened under similar circumstances in the past, to be accompanied by an increase in the total volume of our exports.

So far we have considered the Far East as a unitary entity, although in the historical working-out of the process just described differences of great importance will appear between the development of capitalism in one country and another according to differences in the natural resources and the background of each country.

China and Japan, for instance, apart from their fundamental similarity, show great differences in detail. Japan learned the lesson of industrialization around the same time as Germany, remodeled its feudal institutions to permit of industrial expansion, and built up a highly centralized State on this basis. China was slower in starting, and has not yet achieved a reconstruction of its political organization to correspond with its new requirements, while its Central State authority, as a result of a period of unsettlement and recurrent revolution, is still practically powerless.

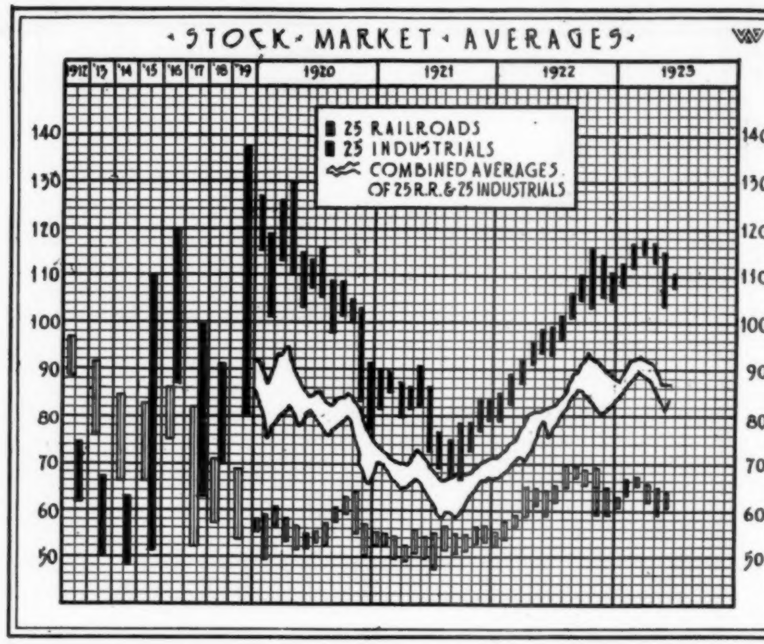
On the other hand, Japan, while financially strong, is poor in mineral resources, while China, financially hamstrung, has enormous riches in coal, iron, copper, fertile agricultural soil, forests, and the like. It has some minerals which

are not to be found in such abundance anywhere else, like antimony and tungsten. Furthermore, its population, while probably not near the mythical half-billion of popular estimate, has been variously appraised at between 325 and 436 millions, the more careful work tending toward the lower figure, while Japan's numbers only 57 millions.

India presents still another situation. There the struggle for political emancipation from England has taken on a pronounced economic aspect, so that it has become the principle that Hindus should consume only Hindu goods, and buy as little as possible from England. However, in its efforts to produce enough goods for native consumption, an indigenous capitalism will have to call upon the well-developed capitalism of older countries for aid.

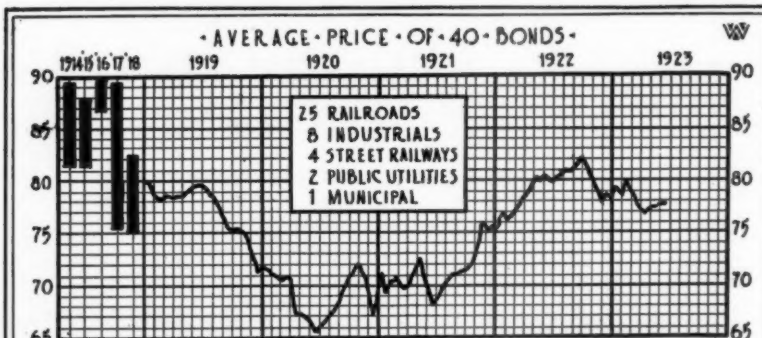
At the same time, the industrial systems of the West need India as a market. England, suffering from unemployment; the Continent, ravaged by war, and America, facing the problem of surplus production, all have an interest in postponing as long as possible the day when Hindu industry will make the native consumer free of the foreign producer. The peculiar mingling of politics, economics and religion in the "Hindustan for the Hindus" movement which is the feature of India's existence today will, therefore, encounter obstacles in the requirements of older capitalisms to the development of a capitalism of its own.

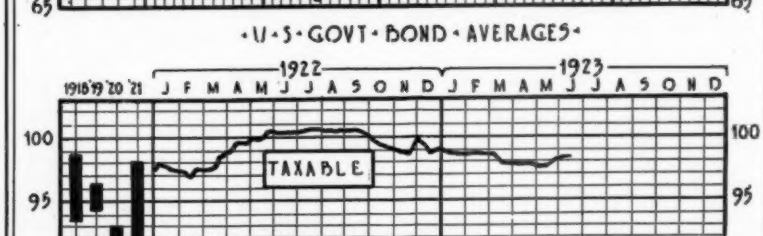
In spite of these differences, however, we can say in general that the major countries of the Far East are moving by similar paths toward an identical goal, that of the modern industrial State. The history of the relations of older States, like our own and England, with these newer growing ones, has been that, while foreign trade has suffered at first, it has more than made up for its losses in the long run, as the new countries increased their consumptive requirements, and, in the long run, the newer countries have contributed heavily to the prosperity of the older ones.



MARKET STATISTICS

	N.Y. Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N.Y. Times 50 Stocks High	N.Y. Times 50 Stocks Low	Sales
Friday, June 1	77.75	95.36	81.42	85.69	84.30	974,931
Saturday, June 2	77.72	95.75	81.59	84.68	83.93	402,500
Monday, June 4	77.71	96.14	82.15	85.15	84.48	579,226
Tuesday, June 5	77.66	96.29	82.41	85.41	84.74	481,400
Wednesday, June 6	77.75	97.24	82.71	85.84	85.02	667,015
Thursday, June 7	77.77	97.17	83.01	86.18	84.49	579,136
Friday, June 8	77.80	96.66	83.31	86.26	85.53	611,917
Saturday, June 9	77.86	97.10	84.92	86.78	85.79	418,690
Monday, June 11	77.90	97.22	84.51	87.18	86.16	634,079
Tuesday, June 12	77.82	95.97	83.71	86.92	85.65	751,250
Wednesday, June 13	77.71	95.79	83.75	86.45	84.81	1,080,350
Thursday, June 14	77.61	95.44	83.46	85.94	85.05	801,750





JOHN HAYS HAMMOND APPEALS FOR NATIONAL THINKING ALONG NATIONAL LINES

(*Continued from page* 304)

the more we can take of the production of others. Wages are paid in goods—only apparently in money; and the more goods the more wages. Despite this principle, our economic machinery, chiefly for lack of applied thought, is so crude that practically we have overproduction and studied restriction of production. For example, the wheat raisers are producing more wheat today than a lean and hungry world can buy, because it has not the means of producing the commodities that may be exchanged for all the wheat; and out in Chicago bricklayers are holding themselves down to 300 bricks instead of a possible 1,500 bricks a day, in order that they may make their jobs last longer.

The Last War?

"In many lines we Americans are producing more than the domestic interchange of commodities can care for. The demand for the surplus must be found abroad, but this surplus must be paid for in foreign goods—and there we come up against the problem of national self-containment, which must be considered in a warring world. I would like to think so, but I fear that the last great war of all—the war to end war—was not fought in 1914-18. If we were sure of universal peace, commerce could be less restricted by protective regulations, would expand—and with it production would increase. So war, or rather peace, is a problem for business men; and the best hope for the millennium is the growing recognition of that fact.

The problem of world markets is paramount. What is to happen when the great industrial nations have resumed operations on a scale commensurate with their potential production? They obviously must seek foreign markets. Where are these markets to be found? It may be that I am obsessed with the hobby of the development of backward nations but I am convinced that **the potential wealth of the backward nations, when adequately developed, will for a long time to come provide the markets for the great industrial nations of today.** There are illimitable natural resources in those countries, but they lack the capital and the skill for their development. Think of the immense undeveloped natural resources with their teeming though idle populations and visualize if you can the enormous volume of trade and commerce which would result from the enhanced purchasing power and the higher standard of living of the inhabitants if these regions were adequately developed.

"There are hosts of material problems that we cannot solve, because the world is not yet ready for their solution; but I am sure that if we could find some way of introducing thinking and planning into our national household we would discover that the world is ready for enough improvement to keep us busy for some time."

INTERNATIONAL HARVESTER CO.

(*Continued from page* 321)

machines." Thanks to the Government's investigations, we are able to state precisely what we should otherwise know only generally; that Harvester's costs are much lower than that of its competitors. The McCormick plant's costs of harvesting machines, for instance, in 1918 compared with five other manufacturers, was as follows:

Manufacturer	Grain Binder	Mower
McCormick	$119.75	$45.09
1	151.23	56.03
2	147.85	48.50
3	164.24	52.65
4	161.65	56.56
5	202.73	65.36

One of its strongest elements is derived through the ownership of the Wisconsin Steel Company, an organization embracing ore mines, vessels, coal mines, coke ovens and blast furnaces, as well as steel works and rolling mills and whose net income in 1913-1918, as revised by the Commission, averaged 56 per cent of the invested capital. Even allowing for the hostility of the Federal Trade Commission, this link allows ones' imagination to roam as to the various and many activities of the Harvester Company which make itself sufficient as to everything it needs and an example second only to United States Steel of the advantages of integration.

Adjustment and Readjustment

In the years 1913-1923 average earnings per share of common stock have been $12.85. The two worst years in the history of the company have been passed without a serious impairment of its position. The margin of profit (the per cent of net to gross sales), has always been unusually high in normal years. Financial readjustment has been completed. At the end of 1922, quick assets, if liquidated at 12 cents on the dollar, would meet current obligations. Stated in the more usual way, the current asset ratio is more than eight to one.

The method of valuing inventories is worth emulation. The basic inventory, representing a normal quantity of raw materials, work in process and finished products is valued at 1919 cost. The additional, the quantity above normal, is valued at cost or market, whichever is lower.

The discontinuance of stock dividends is welcome and the reduction in the dividend rate to five per cent, the writer looks upon as wise.

No increase is anticipated during 1923, but the wealth of working capital, which exceeds the market valuation of the total common and preferred stock, is a well from which stockholders should quaff in future years.

With so many industrial corporations apparently crying for the return of "normalcy, by which they evidently mean prewar conditions, it is well to recall that International Harvester is one of the few so-called "trusts" whose capitalization consists of a goodly proportion of water. Only a casual glance at 1913 or 1914 quotations is necessary to prove that altogether too many corporations, now payig liberal dividends, were not in a position to consider dividend disbursements before the war. International Harvester, with its liberal "normal" income, is distinctly anxious for the return of a more equitable balance between agriculture and manufacture.

Harvester, then, is a conspicuously healthly limb of an equally sound tree. From this, however, it need not be inferred that the stock holds immediately attractive speculative possibilities. Such outlook seems to be precluded by the general uncertainty prevailing throughout the market For those, however, who are in a position to hold regardless of temporary fluctuations the stock 20 points below where it sold several months ago certainly is among the soundest, representing a very strong company in a basic industry.

SCHOOL FOR TRADERS AND INVESTORS

(*Continued from page* 335)

that it is possible to use the same method in judging the stock market that he employs when reckoning the strength of materials. The article in question has probably aroused as great interest on the part of our readers as any which appeared in the early volumes, and we believe that it contains a good many valuable points, some of which may be explained by those of our readers who are interested in this subject and who have had training as engineers.

The architect, in describing the idea, stated that in evolving this method, he had made extensive researches covering many years of stock market history and had compiled a mass of records covering transactions in leading active stocks. He employed the elements of time, volume and range, laying particular stress on the volume of shares traded in on the buying and the selling side. He differentiated these by considering the transactions which were above the previous quotations as purchases, and those which were below the previous transactions as sales. This gave him the element of lifting power or pressure, which when tabulated and analyzed gave him a line on whether the greater power was on the up or the down side. Thus he treated the market merely as a force and claimed that he could calculate it with as much certainty as a load applied to a steel or wooden girder, joist or beam. Such calculations he regarded as accurate and reliable.

His deductions to a certain extent also depended upon the number of shares traded in daily; that is, the volume of the particular stock or stocks under consideration and the whole market.

He regarded a "bull" day as one in which the stock or the averages closed above the average for the day, also above the opening prices; the reverse he considered a "bear" day. By judging the market as a force applied on the axis or average, in combination with the force applied as a lifting power, he was able to judge the result of the tug-of-war for

that stock on that day. He also considered the movement of three previous days, the previous week and month, this giving him the element of distance, with the number of shares giving him the element of volume.

He regarded the market as something which can be calculated exactly as he would calculate the sustaining power of a wooden joist. A joist, he says, will safely hold just so much, and the factor of safety when encroached upon is on the side toward danger; when exceeded the joist will break; so will a stock when put under a corresponding amount of pressure.

The graph illustrating his idea is presented herewith, in the hope that some of our engineer-subscribers may explain the workings of it from a mechanical and engineering standpoint.

HAVE YOU A LITTLE BUDGET IN YOUR HOME?

(Continued from page 331)

taxes on the house it brings the total down quite a bit. I will explain the tax feature further along in this article.

Clothes:—This amount is also to be used for vacations and to pay doctors' and dentists' bills. All small items of clothes such as collars, neckties, stockings, etc., come out of the miscellaneous account unless a number of articles are purchased at one time.

Insurance:—This is set aside to meet premiums due semi-annually. I carry life insurance of $2,500 and an accident policy of $7,500 that provides double indemnity in case of accident on a public carrier.

Miscellaneous:—This account represents pocket cash and is used for carfares, lunches, clothes as mentioned before, and all personal expenditures of a small nature.

The bookkeeping of my budget is quite simple. I am paid by check which I deposit to my account. (I endeavor at all times to keep my balance over $300 and in this way I feel and hope I am building up my credit at the bank for use in future emergencies.) In a loose-leaf ledger I credit the proper proportion of the check to each account, and draw checks as needed. All the household bills for milk, groceries, light, etc., I pay by check and charge to the account of board. From savings I make a monthly deposit in a Cooperative, or as sometimes called, a Building and Loan, bank. The balance I let accumulate until I have enough to buy a few shares of some good stock or a $100 bond. In this way I have acquired over $2,000 par value in good stocks and bonds since 1920. The stocks now show me a good profit and I shall soon sell and wait for another opportunity to buy cheaply again.

The tax feature I mentioned has nothing to do with my budget but may prove of interest to those who have difficulty in paying their taxes when due. We had this difficulty until we hit on the plan of depositing 1/12 of the taxes in a savings bank every month. As this bank pays interest from the first of every month we now receive a little interest where before we had to pay it out on overdue taxes.

UNLISTED UTILITY BOND INDEX

POWER COMPANIES

	Investment Grade	Asked Price	Yie'd
Adirondack Power & Light 1st & Ref. 5s, 1950	B..	100½	5.95
Adirondack Electric Power 1st 5s, 1962	A..	96	5.20
Alabama Power Co. 1st 5s, 1946	B..	93	5.50
Appalachian Power Co. 1st 5s, 1941	B..	88¾	6.05
Appalachian Power Co. 7s, 1936 (Non-Callable)	B..	101	6.90
Ashville Power & Light 5s, 1942	B..	94	5.50
Carolina Power & Light 1st 5s, 1938	B..	95	5.40
Central Maine Power 1st & Gen. Mtge. 7s, Ser. A, 1941	B..	103½	5.65
Colorado Power Co. 1st 5s, 1953	B..	89	5.75
Consumers Power Co. (Mich.) 1st 5s, 1936	B..	95½	5.60
Electrical Development of Ontario 5s, 1933	B..	97	5.35
Great Northern Power Co. 1st 5s, 1935	B..	..	..
Great Western Power Co. 5s, 1946	B..	92	5.60
Hydraulic Power 1st & Imp. 5s, 1951	A..	98	5.15
Indiana Power Co. 7½s, 1941	B..	102½	7.25
Idaho Power Co. 5s, 1947	B..	89	5.50
Laurentide Power Co. 1st 5s, 1946	A..	94½	5.40
Madison River Power Co. 1st 5s, 1935	A..	99	5.10
Mississippi River Power 1st 5s, 1951	B..	97½	5.50
Nebraska Power Corp. 1st 6s, 1949	B..	101	5.90
Niagara Falls Power 1st & Cons. Mtge. 6s, 1950	A..	103½	5.50
Penn.-Ohio Power & Light 8% Notes, 1930	B..	104	7.20
Puget Sound Power Co. 1st 5s, 1933	A..	97	5.35
Salmon River Power 1st 5s, 1952	B..	96	5.25
Shawinigan Water & Power 1st 5s, 1934	A..	99½	5.10
Southern Sierra Power Co. 1st 6s, 1936	A..	101	5.80
Wisconsin Edison Co. 6s, 1924	A..	101	4.90

GAS AND ELECTRIC COMPANIES

Bronx Gas & Electric 1st 5s, 1960	B..	90	5.65
Burlington Gas & Light 1st 5s, 1955	B..	81	6.40
Buffalo General Electric 1st 5s, 1939	A..	100	5.00
Cleveland Elec. Ill. Co. 5s, 1939	A..	100	5.00
Cons. Cities Light, Power & Traction 1st 5s, 1962	C..	71	7.20
Dallas Power & Light 6s, 1949	B..	101	5.90
Denver Gas & Electric 1st 5s, 1949	A..	94	5.40
Evansville Gas & Electric 1st 5s, 1932	B..	95	5.80
Houston Light & Power 1st 5s, 1931	B..	95	5.75
Indianapolis Gas Co. 1st 5s, 1952	B..	88	5.80
Nevada-California Electric 1st 6s, 1946	B..	96	6.30
Oklahoma Gas & Electric 1st & Ref. 7½s, 1941	B..	103	7.20
Oklahoma Gas & Electric 1st Mtge. 5s, 1929	B..	96	6.00
Portland Gas & Coke 1st 5s, 1940	B..	91	5.85
Rochester Gas & Electric 7s, Series B, 1946	B..	110	6.00
San Diego Cons. Gas & Electric 1st Mtge. 5s, 1939	B..	93	5.65
Syracuse Gas Co. 1st 5s, 1946	A..	97	5.60
Tri-City Railway & Light 5s, 1930	B..	92	6.40
Twin State Gas & Electric Ref. 5s, 1953	B..	83	6.35
United Light & Railway 5s, 1932	B..	88	6.80

TRACTION COMPANIES

Columbus Street Railway 1st 5s, 1932	B..	89	6.65
Detroit United Railway 1st Coll. 8s, 1941	B..	108	7.20
Galveston-Houston Electric Railway 1st 5s, 1954	B..	84	6.15
Kentucky Traction & Terminal 5s, 1951	C..	73	7.20
Knoxville Railway & Light 5s, 1946	C..	82	6.50
Minn. Street Ry. & St. Paul City Ry., Jnt. 5s, 1928	B..	94	6.40
Memphis Street Railway 5s, 1945	C..	78	6.90
Northern Ohio Traction & Light 6s, 1926	B..	97	7.10
Nashville Railway & Light 5s, 1953	B..	93	5.45
Schenectady Railway Co. 1st 5s, 1946	C..	71	7.60
Topeka Railway & Light Ref. 5s, 1958	B..	87	6.00

HOLDING COMPANIES

American Lt. & Trac. 6s, 1925 (Without Warrants)	A..	101½	5.65
American Gas & Electric 6s, 2014	B..	95	6.30
Am:rican Power & Light 6s, Series A, 2016	B..	93½	6.40
Federal Light & Traction 1st 5s, 1942	B..	83	6.60
G:neral Gas & Electric s. f. 7s, 1952	B..	100	7.00
General Gas & Electric 1st 5s, 1925	B..	99	5.50
Middle West Utilities 8s, 1940	A..	105	7.40
Standard Gas & Electric 7½s, 1941	B..	104	7.10

TELEPHONE AND TELEGRAPH COMPANIES

Bell. Tel. Co. of Canada 1st 5s, 1925	A..	98½	5.85
Chesapeake & Potomac Tel. Co. (Va.) 1st 5s, 1943	A..	95½	5.55
Home Tel. & Tel. Co. of Spokane 1st 5s, 1936	A..	93¼	5.30
Western Tel. & Tel. Collateral Trust 5s, 1932	A..	97¾	5.30

UTILITY BONDS STEADY BUT DULL

Trading in Unlisted Issues Light, But Scarcity of Bonds at Current Levels Is Indicated

WITH trading in unlisted issues of public utility corporations of small proportions, the outstanding feature of the market is the indication that at the current quotations there are few real offerings of bonds of any size. In other words, it appears that good issues are scarce at this time and this is shown by the fact that when an offer of any size comes into the market, there is a quick advance in price. This has been demonstrated several times during the past few weeks.

Prices Are Firmer

Prices of utility bonds are now firmer than they have been for some time despite general uncertainty in markets for securities of other classes of corporations. Taking a representative list of unlisted bonds, it is indicated that prices today are practically off less than a point on average of where they were a year ago. The same could not be said of the rail and industrial bond issues which have shown greater declines. Prices today compared with a month ago show moderate advances among the unlisted public utility issues.

More concrete evidence in the shape of earnings statements is forthcoming to indicate that utilities this year are assured of good earnings and this is demonstrated by the favorable dividend payments being made. Philadelphia Co. has just advanced the rate on the common, while Laclede Gas Light Co. of St. Louis has declared an extra of $3.50 on the common. People's Gas Light and American Light & Traction Co. are expected to raise their payments. While increased dividend payments theoretically decrease the equity behind bond issues, it is nevertheless bullish as indicating a spirit of confidence on the part of operators in the properties.

Schenectady Railway 5s

Schenectady Railway Co. issues continue to be depressed on account of the strike which has been affecting operations. At the current selling price of 70 and even a point or two less, the first 5% bonds of 1946 show a straight yield on the investment of better than 7%, while, if allowance is made for payment at maturity, a yield of better than 7.6% is shown. As a speculative investment, they should be attractive at the present price as the traction situation is showing improvement. The first 5% bonds brought out in 1916 at 101 constitute a first lien on the properties. Dividends on the stock were being paid regularly up to 1918 and prior to the advent of high operating costs, the company enjoyed a good investment rating. That it can resume its position in future years seems likely as it is well managed and has Delaware & Hudson and New York Central as its principal stockholders.

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

American Arch (8P)	150	—...
American Book Co. (6)	85	— 90
American Type Founders (6)	76	— 78
Pfd. (7)	98	—100
American Thread pfd.	3¾	—4¼
Atlas Portland Cement (4)	68	— 72
Babcock & Wilcox (7)	107	—110
Borden Co. (8)	117	—119
Pfd. (6)	103	—105
Bucyrus, pfd. (7)	104	—109
Celluloid Co. (6)	87	— 93
Childs Co. (8)	138	—141
Pfd. (7)	106	—109
Congoleum Co., 1st pfd. (7P)	99½	—101
Congoleum, com. (8)	226	—230
Crocker Wheeler (2)	45	— 55
Pfd. (7)	80	— 90
Curtiss Aero & M.	7½	—8½
Pfd.	33	— 37
Jos. Dixon Crucible (8)	138	—143
Gillette Safety Razor (12P)	†275	—285
Ingersoll Rand (8)	125	—130
New Jersey Zinc (8P)	150	—160
Niles-Bement-Pond	41	—43
Pfd. (6)		— 90
Phelps-Dodge Corp'n (4)	170	—180
Poole Engineering (Maryland):		
Class A w. i.	20	— 26
Class B w. i.	9	— 14
Royal Baking Powder (8)	120	—135
Pfd. (6)	98	—100
Safety Car H. & L. (6)	84	— 86
Savannah Sugar	60	— 64
Pfd. (7)	83	— 84
Singer Mfg. Co. (7)	115	—117
Superheater Co. ($6P)	112	—115
Thompson Starrett (4)	75	— 85
Victor Talking Mach. (8)	160	—166
Ward Baking Co. (8)	112	—119
Yale & Towne (4)	62	— 64

*Dividend rates in dollars per share designated in parentheses.

†Listed on N. Y. Curb Exchange.

P—Plus Extras.

STOCKS in the Over-the-Counter market continued dull but firm during the fortnight just ended. Unbelievable as it may seem to those who have been watching price-movements in other markets, nearly the only price-changes of importance in our Over-the-Counter group were upwards, and in two cases these upward changes were quite substantial.

Superheater a Feature

Shares in The Superheater Company were particularly strong, advancing from the bid price of $102 per share quoted two weeks ago to sales at above $112. Strength in this stock need be no surprise to those who examined the company's affairs as they were outlined in this Department in the last issue. Among other things, the liquidity of the company's financial position was emphasized, "as evidenced by the last balance sheet, which shows Current Assets of 3.7 millions, Investments (at cost) of 4.9 millions, and Other Assets of 2.5 millions, against Current Liabilities of 1.6 millions, Book Balance from Revaluation of patents of 2 millions, Capital Stock (one class, no par value, 125,000 shares authorized and 124,375 shares issued) carried at 2.4 millions and a P. & L. Surplus of 5 millions."

As the complete balance sheet showing of the company was not brought out in our previous review, a condensed form of the statement as of December 31, last, is offered for inspection in this issue.

Superheater, at the present time, is on a "$6-and-extras" dividend basis in the

THE SUPERHEATER COMPANY

Condensed Balance Sheet, as of December 31, 1922

(In Thousands of Dollars)

Current Assets:	
Cash	$633
Accounts and Notes Receivable	2,068
Due by Affiliated Companies	132
Accrued Income	109
Inventories	757
Investments (At Cost)	4,958
Unpaid Balance, Subscriptions to Capital Stock	400
Fixed Assets, Less Depreciation and Amortization	794
Deferred Charges, etc.	13
Treasury Stock	1,299
	$11,164

Current Liabilities:	
Accounts Payable and Accruals	$401
Dividends Payable	442
Reserves for Taxes, Contingencies, etc.	736
Book Balance (From Revaluation of Patents)	2,085
Capital Stock	2,487
Profit and Loss Account	5,011
	$11,164

sense that those in closest touch with the company's affairs are convinced that either special additional cash payments will be made on the stock this year or else that its capital stock will be increased by a stock dividend. The remarkable strength exhibited by the stock in recent sessions certainly reflects no lack of confidence.

American Arch Company

Stock of the American Arch Co. was added to our quotation table beginning with the last issue and immediately made itself conspicuous by what has since amounted to a 20-point advance. That is to say, where the issue was 130 bid, offered at 150, two weeks ago, the present bid price is 150, and offerings have largely disappeared from the market.

American Arch, like The Superheater Co., is one of the numerous railroad equipment corporations which are sharing in the activity existing in the rail equipment world. It was incorporated back in 1914 out of what had originally been the American Locomotive Equipment Co. of Chicago, as a seller and distributor of arch brick used in locomotive fire-boxes. The company is understood to handle practically the entire output of this commodity used in this country.

American Arch Company's capitalization consists of $750,000 of 6% debenture bonds, due 1935, and an authorized $5,000,000 of $100 stock, of which $3,337,300 is outstanding. The company does not make its earnings public, but an idea of its capacities in this direction may be gleaned from its dividend record, as traced in the following: 1911, 4½%; 1912, 6%; 1913, 8%; 1914, 11½%; 1915, 10%; 1916, 17%; 1917, 8%; 1918, 6%; 1919, 7%. Record of subsequent dividends is not immediately available, but would compare favorably with the foregoing. On December 1, 1915, an extra dividend of 75% was paid in the form of the 6% debentures which now compose the corporation's only funded debt.

That stockholders may be in line for a special distribution in the immediate future is suggested by the calling of a special meeting for June 20th, at which time a plan will be submitted to holders calling for an amendment of the certificate of incorporation providing for a change in the number of shares of capital stock from 50,000 of $100 par to 150,000 of no par value.

IN SEARCH OF A SUITABLE INVESTMENT?

If you are, perhaps the Over-the-Counter Department can help you find what you want. A glance at the table of quotations appearing at the head of the Over-the-Counter Department will give you an idea of the wide field of choice offered among many of the best-known, oldest and most successful corporations of this country. A letter to the Over-the-Counter Department, describing your wants, will bring an early and complete reply.

PAR COLLECTION DISCUSSED BY SUPREME COURT

(Continued from page 344)

through the reserve banks, to maintain par collections. As for the bad effect alleged to be produced thereby on country banks, the court finds that "country banks are not entitled to protection against legitimate competition." So the reserve banks, using proper methods, but only then, are authorized to continue collecting checks at par among their own members and are authorized to endeavor to collect them at par outside of the system whenever outside banks are willing to permit such collection, or are unable to prevent it by legal means.

Par Collection Limited

The Court is clear, however, in its statement that there is no duty imposed upon the Board or the Reserve System for the establshiment of a universal system of par collection and clearance of checks. The Board can do as it pleases within the system, subject of course to the necessity of collaborating or cooperating with reserve banks.

HOUSTON OIL

(Continued from page 339)

land under the organization's control, are about the most tangible form of encouragement Houston shareholders have just now. The company has outstanding $8,947,600 of 6% cumulative preferred stock, on which has been disbursed in dividends an average amounting to the dividend requirement since 1913; in common stock, of par value $100, it has outstanding $24,968,600, which has never received any dividends.

In 1921, Houston earned about 92 cents per share on its common from its oil operations, and in 1922 it earned $2.75 per share. In view of the increased return secured in 1922, hopes of further improvement in the current year developed, but the reactionary trend in crude oil prices since 1923 opened have more or less dashed these and, as Houston's oil operations are solely on the producing side, there seems little enough reason for enthusiasm over the company's immediate future.

Houston Oil common is probably one of the most erratic stocks on the New York exchange. In 1920, for example, after a long period of apathy, it suddenly sprang to life and soared from $55 per share to $116 per share; and in the years since its price range has been unusually wide. The reasons behind these fluctuations have seldom made themselves apparent—in fact, the present price of $62 per share for a non-dividend paying, and highly speculative oil security is itself pretty hard to explain—but those who have followed the issue have satisfied themselves that it is a better medium for any "insiders" that may exist than for individual investors or speculators.

Municipal Bonds

HIGHER GRADE MUNICIPALS

			Rate Interest	Maturity	Approximate Yield
N	Buffalo, N. Y.	Reg	4	May 1925	4.20
N	Atlantic City, N. J.	Reg	4½	Jan. 1941	4.35
N	Los Angeles, Calif.		5½	Nov. 1926	4.50
N	Newark, N. J.		4½	Sept. 15, 1944	4.25
	St. Louis County, Minn.		5	Jan. 1931	4.60
N	Missouri		5	March 1934	4.20
	Fairfax County, Va.		5	Dec. 1942-32	4.70
N	Hudson County, N. J.		4½	Feb. 15, 1926	4.30
	Fort Worth, Texas		5	Jan. 1953-62	4.50
	Portsmouth, Va.		4½	Feb. 1953	4.50
	Norfolk, Va.		5	May 1952	4.55
N	Cincinnati, Ohio		5	July 1965	4.25
	Knoxville, Tenn.		6	Sept. 30, 1924	5.00
	Kansas City, Kan.		6	August 1931	4.60
N	Detroit, Mich.		4	Sept. 1944	4.30
N	West Virginia		4½	Apr. 1942-46	4.30
N	Cleveland, Ohio		4½	Sept 1933-38	4.35
N	Cleveland, Ohio		4½	1942-49	4.30
N	Hudson County, N. J.	Reg	4	May 1949	4.25
N	Illinois		4	May 1926-37	4.25-4.20
N	Illinois		4½	Aug. 1928-39	4.35-4.25
N	Detroit, Mich.		4½	June 1933-35	4.30
N	Detroit, Mich.		4¼	Jan. 1933-47	4.30
N	Oregon		4½	April 1939	4.40
N	Cleveland, Ohio	Reg	5½	July 1932	4.50
N	Olean, N. Y.	Reg	5	May 1928	4.10
N	Baltimore, Md.	Reg	5	April 1956	4.25
N	California		4¼	July 3, 1953	4.20
N	Tennessee	Reg	4	July 1926	4.30
N	Tennessee		4¼	July 1936-37	99¼
N	Akron, Ohio		4¾	Oct. 1933-37	4.40
N	San Francisco		4½	July 1942	4.50
N	North Carolina		4½	Jan. 1962	4.40
N	North Dakota		6	Jan. 1942	4.60
N	Elizabeth, N. J.		4¼	Feb. 1944-50	4.20
N	Mississippi		4¾	May 1924	4.40
N	State of Texas		5	Feb. 1925	4.50
N	Toledo, Ohio		6	Feb. 1929	4.40
N	South Dakota		5	June 1926	4.50
N	West Hoboken, N. J.		6	Jan. 1927	4.50
N	Jersey City, N. J.		6	June 1926	4.50
N	Los Angeles, Cal.		4½	M & N 1950	4.40
N	San Francisco		5	1925-30	4.50
N	Cleveland, Ohio		4½	May 1966	4.25
N	Kansas City, Mo.		4½	July 1942	4.25
N	Buffalo, N. Y.	Reg	4½	1934	4.00
N	San Francisco		4½	July 1943	4.35
N	San Francisco		4½	July 1955	4.35
	Oklahoma City, Schl Dist.		5	May 1935-45	4.65
N	New York City		4½	March 1963	4.22
N	New York City		4¼	Sept. 1960	4.22

N—Legal for Savings Banks in New York State.

DOME MINES CO., LTD.

(*Continued from page* 341)

peaceful settlement of current labor difficulties through wage increase.

It will be noted that this estimate is far above anything that the company has been able to show on the common in the last ten years, or in fact since its incorporation in 1910, and is here presented merely as a maximum.

It is clear from the above, however, that there is at least a possibility of the company earning its $4 recent dividend, if everything, labor, power, grade of ore, operating costs, goes its way.

As a liquidating proposition, however, the company makes a much less favorable impression. Based on its balance sheet of Dec. 31, 1922, each share of stock, now selling at 34, has a net asset value of $11.02. While this indicates the possibility of the company's eventually repaying its stockholders at par of $10, this is but slight consolation for the present purchaser, who must pay not $10 but $39 per share.

The valuation put upon the company's property has steadily increased from 4 millions early in 1916 to 5.5 millions in March 31 of this year. From this is to be deducted the reserve for depreciation and depletion, which at the latter date totalled 3.2 millions.

Current assets at the same time amounted to 3.8 millions, almost six times the $644,500 of current liabilities. While cash amounts to only $220,000, there are among the liquid assets 1 million of marketable bonds, 1 million in call loans, and a dividend assurance fund of 1 million, carried as an asset without further description, although it might better have been set down among the liabilities and balanced by whatever cash, call loans, or other liquid assets it represented. Net working capital, which might conceivably be called upon for further capital distributions, thus amounts to 3.2 millions, or some $7 a share.

The financial position of the company is thus seen to be good, and its earning power fair, barring certain hindrances which have come up in the past. The liquidating value of the property appears to be too low to justify current quotations, however. As the yield on the recently-declared dividend rate of $4 annually is over 10%, it is evident that the increase had not been fully discounted. **In spite of this, however, the stock seems to be too uncertain and speculative an affair to attract the average investor.**

NEW INDUSTRIES ESTABLISHED ON PERMANENT BASIS

(*Continued from page* 314)

not inclined to regard aviation seriously.

During the war, airplanes, at first used only for reconnaissance, were engaged in fighting and bombing operations by 1915, when the first 1,000-pound weight was released by a 'plane in motion. Specialization increased rapidly, and types were developed such as the scout plane, the fighting plane, the camera plane, the seaplane, the bombing plane, and so on.

In general, the result of the war was a huge increase in manufacturing facilities, the development of large-scale mass production methods, the training of a large corps of skilful pilots, the development of the early aviators' dream of a light but powerful aviation engine, the waking of Government attention to the need of a well-developed air fleet, and the rousing of public interest and confidence in the future of aviation.

Developments since the war have been concerned mostly with the readjustment from war to peace conditions. This involved the absorption of unused large quantities of aeronautic equipment, the straightening-out of the shaky financial affairs of several of the producing companies, and the attempts to develop commercial aviation. The latter has been but slightly successful in this country, either in freight or in passenger transportation, while in Europe there are dozens of well-established lines running from London to Paris, from Paris to Prague and Warsaw, from Berlin to Moscow, and covering intra-national routes also. The best that has been done in this country has been the establishment of regular mail services covering several important cities, although magnificent plans for airways, air signals, aerodromes, etc., are under way.

The chief securities representing this industry available to the public are Wright Aeroplane and the Curtiss Aeroplane and Motor Corp., the former listed, the latter traded in on the Curb. **The former is on a sound dividend-paying basis, showing a steady margin of earnings above disbursements, while the latter has not passed beyond the stage of an interesting non-dividend-paying speculation.**

RADIO

The progress of this invention has differed widely from that of those previously described, and indeed from that of most inventions. In the case of wireless, a long theoretical maturation, including the physico-mathematical researches of Clerk-Maxwell, the discovery of the waves generated by a spark-gap by Hertz, and the epoch-making discoveries of Marconi on the transmission of these waves led up to a long period during which much experimentation and research was being done, but actual results were small. They were sufficient, however, to allow of the formation of a number of commercial companies interested in developing ship-to-ship and transoceanic transmission.

For years, however, the interest of the public in wireless was limited to the class of "wireless bugs," amateurs who devoted

considerable money and time to working out the technical problem involved purely as a hobby. They adopted each new improvement as it was made, perfected its application, and formed the nucleus of the vast radio audiences, now estimated in the United States alone at over one million receiving sets.

Among these technical improvements were the invention of the thermionic valve by Fleming, the Lee de Forest vacuum tube or "audion" to replace the old-fashioned crystal detector, and other contributions of the greatest importance for the wide popular development of the industry by Alexanderson, Gen. Squier, Armstrong, and a host of others.

The beginning of radio broadcasting, or the transmission of programs of music, news, lectures, etc., by wireless telephony, were made in November, 1920, when the Westinghouse Company, which had taken an active interest in wireless from the start, broadcasted the election of President Harding from its Pittsburg station. This aroused such wide-spread interest that amateurs everywhere began to install receiving sets, commercial companies interested in electricity put up broadcasting stations to accommodate them, and the number of both spread rapidly. The United States leads in this field, with England second, while other countries are showing increasing interest.

In its development radio has accumulated many uses beyond those of amusement and mild instruction which have helped its popularization. It is a serious competitor of the cable for transoceanic transmission, it gives valuable weather reports and market prices to business men, farmers, etc., it is indispensable in maintaining communication among ships and with the shore, and it has been taken up for political, religious and similar purposes. In all these ways it has developed so rapidly that it would be useless to attempt an historical survey.

Its main representative among public securities is the Radio Corporation of America, founded by the General Electric Co., Westinghouse, the American Tel. & Tel. Co., and other large concerns, to amalgamate their interests in radio transmission and the sale of radio equipment. **This company is still in the highly speculative stage, although the parent companies are undoubtedly benefiting by its activities as stockholders and as suppliers.**

A TRUE PICTURE OF THE R. R. SITUATION TODAY

(*Continued from page* 352)

This country has enjoyed a remarkable business revival in the past year and a-half. *Economists may differ as to the present industrial outlook, but one thing is certain, and that is there can be no sound and lasting period of prosperity unless the railroads are permitted to prosper.* Every effort is being made by railroad officials to place the carriers on the highest plane of efficiency ever reached, to give shippers prompt and adequate transportation service, to purchase sufficient equipment to handle the probable peak demand of the Fall, and enlarge terminals so as to facilitate the loading and unloading of freight. With this object in mind, the railroads have authorized an expenditure of approximately $1,100,000,000 for the year 1923. The railroads have shown and are showing their good faith; they have just about succeeded in bringing their property back to pre-war standards and operations and are just beginning to show an adequate return on invested capital. This is the time to help the carriers "come through," and not a time when policies of obstruction should be encouraged. *Give the railroads a fighting chance. Shippers and the traveling public can best serve their interests by serving our transportation system with less prejudice and more cooperation. The railroads are the arteries of the country, through which the blood of life flows.*

This article has traced, briefly, the history of railroading in the United States, from the time when railroads first opened up the wilderness to the present day, when their lines weave in and out over the entire length and breadth of the land.

It remains only to cover one more phase of the subject, i.e., the purely practical one, of analyzing the position of railroad stocks in the investment world at the present time, and their possibilities from the investment point of view.

Those who were active investors twenty years ago will remember that, at that time, no single type of investment was considered to be on a higher plane, all things considered, than railroad stocks or bonds. It seemed as though the rights of way owned and operated by the roads, their strong hold on the country's business and industry would assure prosperity for them as long as business went on, and would keep their securities in the first rank of the investment world. As the writer has pointed out above, however, railroading has gone through years of readjustment, of one sort and another, which has brought changes of all kinds. Nowhere has the change been more apparent than in the status of railroad securities from the investment point of view.

The man who buys railroad securities today realizes that he must exercise the same care and discrimination that he uses in any other investment field. Confidence in the field, purely as a field, has largely disappeared. Today it is a case of "choose carefully, or regret choosing at all."

A practical aid to the intending buyer, or present-day holder of railroad securities, will be found in the page table presented herewith, under the caption "THE RAILROAD SITUATION AT A GLANCE." A few words of explanation will help to clarify the points brought out in this table.

Note, first, that the three groups characterized in the table as occupying an "EXCELLENT" position at the present time are the Southern, Eastern and Soft Coal roads. The roads operating in each of these groups are itemized.

It may be said, then, that for the intending buyer of railroad securities, no better mediums would seem to be available for surplus funds when the general market strengthens than those offered under these three groups.

The Southern roads have prospered because of the industrial growth of the

South and the increasing prosperity resulting from high cotton prices. Volume of traffic has exceeded all previous records, and the sound policy of building up southern properties out of previous years' earnings is now bearing fruit in the form of record earnings. Atlantic Coast Line and Louisville & Nashville are seasoned dividend payers, and represent the best in railroad investment. Both roads appear to be in a position to justify higher disbursements. Southern Railway, on the other hand, ranks foremost among the "comers." This property has been steadily built up for the past twenty years, and, today, its roadbed and equipment are in excellent condition; its financial position, too, is very strong. The time is not far distant, indeed, when stockholders of this latter road will be rewarded for their patience and for their faith in the property.

The same factors of business activity and prosperity, contributing to the strength of the Southern roads, are to be found in the Eastern railroad situation. New York Central, for example, has just increased the dividend from 5 to 7%.

The Soft Coal roads have experienced exceptionally trying times since Federal Operation. First, in the disruption of normal channels of trade, when the Government commandeered whole shipments as a war emergency; secondly, in the protracted coal and shopmen's strikes. Had it not been for these strikes last year, this group of carriers would have enjoyed unusual prosperity. Since the settlement of the strike, however, the shortage of supplies resulting from it has, in itself, accelerated subsequent demand for the product, with the result that coal traffic has been abnormally heavy ever since.

The recovery in earnings of those roads operating through the unionized coal district has been nothing short of phenomenal, and with indications of a continuance of the present heavy volume of traffic there is every reason to believe that this year's earnings will establish a new high record. Baltimore & Ohio, particularly, is rapidly recovering its old-time prestige. Large sums have been placed back in property and equipment in recent years, and the outlook for a resumption of payments on the common stock is very good.

While the three groups specified above seem to be in a particularly strong position at the present time, it must not be supposed that they compose the only promising opportunities for railroad investment today. There are of course opportunities elsewhere in the railroad field, and these opportunities, when searched for, are to be found. *(It is to be noted, however, that investment even in the more promising railroad issues should be discouraged at this time until general market conditions improve. Later on will be a better time for purchase of these promising securities.)*

It is not the province of this article, however, to supply extended analysis of individual roads—a work which is covered, instead, in the regular railroad department of THE MAGAZINE OF WALL STREET. What the writer has attempted to produce here has been a broad picture of the railroad situation as a whole, and he hopes that his efforts in this direction have been at least partially successful.

POSITION AND PROSPECTS OF LEADING PUBLIC UTILITY SECURITIES

(*Continued from page* 337)

preferred stock is naturally to be preferred.

Not so well known as many of the issues given in the list, Federal Light & Traction Co. is forging ahead this year and it appears that some favorable readjustment of dividend policy may be put into effect before the year is out. The common stock now pays 75 cents quarterly in cash and ¾ of 1% payable in preferred stock, which sells around 70. Net earnings after all charges for four months ended April 30, 1923, amounted to $1,059,000 against $779,000 for the same period a year ago, or an increase of 35%.

The two large electric producing companies in California have their common stocks listed in the accompanying table of junior issues though of the two, Pacific Gas & Electric common seems to have the best possibilities. An increase in the common dividend rate to $7 annually is looked for later in the year. Earnings are now estimated to be running at close to $14 a share on the common stock.

There does not seem to be any great likelihood of any higher dividend rate for Southern California Edison Co. which now pays 8%. The company is compelled to do considerable financing from time to time to enable it to keep facilities up to demand for service. This is a healthy sign and will be reflected in larger earnings in the future, but for the time being cash must necessarily be conserved. The common stock is entitled to a good rating, however, and for a hydro-electric public utility the yield and safety margin are fair.

THE RE-LOADERS

(*Continued from page* 350)

She is much upset, but decides to help her father.

Just when it looks as though every thing is lost, a smart business man from New York appears on the scene, and after going over the subject with the president undertakes to put the enterprise on a paying basis. The New York business man is a former convict and a re-loader. The daughter, believing that she is helping her father, plays up to the crook, who immediately lays his plans for a "clean-up."

By clever methods, he persuades a number of worthy people to part with their money. His plans would have worked out well for him and disastrous for the investors had it not been for a wide-awake young reporter, who is in love with the daughter, and who finally exposes the crook and his associates, but not before they have done considerable damage.

This is a picture that every citizen should see, and the leaders of every community in the United States should endeavor to secure a showing of this picture in their local theatres. This can be done by corresponding with the distributors, the Investors' Vigilance Committee.

New Issue

12,500 Shares

Jersey Central Power & Light Corporation

7% Cumulative Participating Preferred Stock

Par Value $100

Preferred as to Assets and Dividends. Participates with Common Stock up to an additional 3%.

Dividends Payable July 1, October 1, January 1 and April 1.

Transfer Agent: THE EQUITABLE TRUST COMPANY of New York

Registrar: THE NEW YORK TRUST COMPANY

Mr. T. R. Crumley, Vice-President of the Corporation, summarizes his letter to us as follows:

TERRITORY & BUSINESS: Jersey Central Power and Light Corporation, through its companies owned, serves exclusively with electric power and light some 42 cities and municipalities in central New Jersey, which have a present population in excess of 100,000, and which include Morristown, Summit, Boonton, Lakewood, Spring Lake, Point Pleasant and Toms River. The Company also serves with power and light, through its subsidiary the Tide Water Power Company, the cities of Wilmington, N. C., St. Petersburg and Clearwater, Florida, having a combined population of approximately 100,000. Total population served is estimated to be over 215,000.

PROPERTY: The electric systems include 7 modern generating plants having an installed generating capacity of 36,022 H. P. The most important plants are located at Morristown, Summit and Lakewood, New Jersey; Wilmington, North Carolina and St. Petersburg, Florida. Current is delivered over approximately 104 miles of transmission lines, with 931.9 miles of distributing lines. The electric customers now being served number 33,032.

VALUATION & EQUITY: The Companies' properties have recently been reported upon by Messrs. Sanderson & Porter, Engineers, and show a substantial equity in excess of the total funded debt and this issue of Preferred Stock. Fixed Assets equal to over $200 per share.

DIVIDEND RECORD: Annual dividends have been paid on all Common Stock of the constituent companies for many years.

	7-year-average	Last Year
Morris & Somerset Elec. Co.	8.14%	9%
Commonwealth Elec. Co., Summit	9.71%	8%
Lakewood & Coast Electric Co.	9.43%	8%
Lakewood Water Co.	5.03%	6%
Toms River Electric Co.	6.23%	8%
Tide Water Power Co.	7.00%	7%

COMMON STOCK WARRANTS: Accompanying the present issue of Preferred Stock are detachable Warrants entitling the holder thereof to purchase two shares of Common Stock of the Company for each $100 par value Preferred share held, at $20 per share, after July 1, 1923, but on or before July 2, 1924, or at $25 per share from July 3, 1924, but on or before July 2, 1925.

EARNINGS: Consolidated Condensed Statement, Year Ended March 31, 1923. Nine months ended December 31, 1922, taken from reports of Messrs. Arthur Young & Co., and months of January, February and March, 1923, taken from the Companies' records.

Gross Earnings		$2,774,709.79
Operating Expenses, Maintenance and Taxes and all Prior Charges		2,105,639.40
Balance		$ 669,070.39
Jersey Central Power & Light Corp.:		
Annual Interest on 1st Lien 6½s	$227,500.00	
Annual Interest on Debentures	87,500.00	
Balance		$ 354,070.39
Jersey Central Power & Light Corp. Federal Taxes		26,664.07
Balance		$ 327,406.32
Annual Preferred Dividend Requirements Jersey Central Power & Light Corp.		87,500.00

Consolidated earnings after deducting expenses, maintenance, all taxes (including Federal Income Tax) were 3.75 times the annual dividend requirements on the total amount of Preferred Stock to be outstanding.

RESTRICTIONS: No additional Preferred Stock may be issued unless the consolidated earnings available for depreciation and dividends for the twelve calendar months within the preceding fifteen calendar months shall have been equal to three times the annual dividend on the preferred stock outstanding, and that proposed to be issued, and no stock having prior rights may be issued, without the consent of the holders of two-thirds in interest of the Preferred Stock then outstanding.

PARTICIPATING FEATURE: After the preferred stock has received full 7% cumulative dividends and the common stock as a class has received as dividends an amount equal to a year's dividend requirement on the preferred, the preferred and common stocks are entitled in any year to receive equally, as classes, any further moneys paid as dividends until the preferred has received $3 additional per share, or $10 for the year.

GROWTH OF BUSINESS: The business of the companies has practically doubled in the past five years.

12 Mos. Ended Dec. 31	Gross Earnings	Net Earnings After Taxes	Customers	K. W. H.	Miles Distribution Lines
1918	$1,370,057.36	$ 403,376.89	15,756	22,436,676	563.1
1919	1,820,324.57	548,357.45	17,892	26,998.788	685.4
1920	2,180,694.25	660,977.39	20,903	31,991,294	725.4
1921	2,538,256.64	787,312.09	25,653	38,636,034	798.7
1922	2,681,932.85	1,101,636.35	29,294	43,924,637	901.6
12 mos. ended April 30, 1923	2,797,845.08	1,158,817.96	33,032	45,860,179	931.9

Legal matters have been passed upon by Messrs. Chapman, Cutler & Parker of Chicago, for the Bankers, and Messrs. Chadbourne, Hunt, Jaeckel & Brown of New York, for the Company.

All properties have been examined and reported upon by Messrs. Sanderson & Porter, Engineers. The accounts have been audited by Messrs. Arthur Young & Co., Certified Public Accountants, New York.

Temporary receipts, exchangeable for definitive stock certificates will be ready for delivery about June 12, 1923.

Price 92½ per share and accrued dividends to yield 7.57%

A. E. FITKIN & CO.

165 Broadway, New York

10 State Street	**111 West Monroe Street**	**210 West Seventh St.**
BOSTON	**CHICAGO**	**LOS ANGELES**

The information and statistics contained in this advertisement have been obtained from sources that we deem reliable and while not guaranteed are accepted by us as correct.

TEN UNUSUALLY ATTRACTIVE PREFERREDS

(*Continued from page* 323)

present outstanding common stock after allowing for preferred dividends. The company is one of the largest manufacturers of silk, woolen and fabric gloves, silk and knit hosiery, silk and cotton ribbed underwear. **In view of the excellent record and position of the company, this preferred stock appears to be in a very sound position.**

Pere Marquette Pere Marquette 5% cumulative preferred stock of which there are 12.4 millions outstanding is preceded by 11.2 millions of 5% prior preferred and 41.5 millions funded debt. For the year ended December 31, 1921, Pere Marquette earned 25.79% on the preferred stock and in 1922, earned 30.49%. Following the preferred stock is 45 millions common which has just been placed on a $4 per share per annum dividend basis. It is true that the past dividend record of the preferred stock has not been a good one, no dividends havings been paid until 1922, in which year and early in 1923, all cumulative back dividends were paid off. It is not fair, however, to judge Pere Marquette by its performances previous to 1921, as there are fundamental reasons why present excellent earning power should be maintained. The remarkable growth in the automobile industry explains the improved showing of this road and while the automobile industry will naturally be subject to fluctuations, there are few who would care to predict any important permanent recession. **Pere Marquette 5% preferred at around current prices of around 64 offers an opportunity for a good speculative investment.**

ATLANTIC, GULF & WEST INDIES

(*Continued from page* 320)

tremely satisfactory and there ought to be a return of prosperity which may very possibly mean an increase in the interchange of goods with the United States, and consequently an improving opportunity for some net earnings.

As has been said, there is as yet no return from the South American oil properties. Last year the oil subsidiary in Mexico, the Atlantic Gulf Oil Corporation, produced over 7 million barrels of oil, and it is understood that the company is still attempting to develop new sources of supply. The situation in Mexico is so very much complicated, and so much uncertainty exists as to the intrinsic value of oil-producing properties in that region that it is unsafe to say that this will continue indefinitely to be a source of substantial revenue.

At the end of 1922, Atlantic, Gulf & West Indies' financial position was fair and showed quite an improvement over the previous year. Net working capital was $4,600,000, but at the end of 1919 net working capital was over 22 million dollars. It is said that the company took a

loss of about $1,500,000 on the sale of Liberty bonds in 1920, but that had to be done, apparently, to protect the new oil investments.

Summing up in a rough way it may be said that the tankers stand a fair chance of earning money this year, the other ships may do something but the shadow of government competition still hangs over. There is no clue as to whether or not the Mexican oil operations are profitable.

Ahead of the share capitalization of Atlantic Gulf & West Indies is a total bonded debt of about 33 million dollars. Irrespective of earning power it would seem as if there is enough asset value in the property to warrant the statement that 100 cents on the dollar at least is in back of these bonds which leaves the share capitalization still in a most uncertain position.

The prices of the 5% non-cumulative preferred and of the common, the preferred being around 15 and the common around 17, have discounted present conditions, but it is difficult to find grounds for a definite statement to the effect that either issue is a purchase. Evidence is lacking of a probable substantial recovery in earning power. **The fact that asset value would seem to protect the bondholders is of no comfort to shareholders, and the question of whether there is salvage in sight seems to be as open as it was six months ago, and the speculative risk seems not to have been tangibly diminished.**

THE OUTLOOK FOR NON-FERROUS METALS

(*Continued from page* 340)

sumption. Should the refiners all close down for a week consumers would be compelled to come into the market on any terms.

Yet buyers have been disregarding their apparently precarious position, and have not even nibbled at the bait of lower prices held out by producers. Galvanizers' orders have been falling off, and they foresee the time coming, possibly quite soon, when a sharp reduction in the current rate of consumption will set in.

Ore producers have been seeing their prices fall as the metal fell, and several of them claim that it is impossible for independent ore producers to stay in business at current prices for ore. Mines representing about 50% of the output have banded together to put the prices up to $40 a ton, some $3-$4 above current rates for Prime Western. Should the metal not rally sufficiently to warrant smelters in paying such a price, a sharp cut in production may be expected as the result of these tactics.

LEAD producers are facing the depressing effect of the cessation of silver purchases under the Pittman Act. Since about half the by-product silver of the United States, or a third of the total output, comes from lead ores, approximately as much as from copper ores, the prospect of selling by-product silver at $1 an ounce has obviously served to keep many lead mines in production which will be forced out when silver drops

to the world market level of 67 cents. In the meantime, producers have been piling up large accumulations of silver-lead ore at smelters to take advantage of the Act.

Lead continues firm, making a somewhat better showing than the other nonferrous metals, although buying and inquiries have been falling off in recent weeks. Spot supplies are very light, however, helping to sustain the market, and lead for nearby delivery is hence commanding a slight premium.

With demand falling off, however, stocks may be expected to accumulate even after some of the smaller producers abandon production. Resale lead is not yet an important factor, but it is worth noticing that Chicago quotations, for instance, are but slightly above St. Louis prices. Chicago dealers could therefore sell out at a lower price than St. Louis costs plus freight, and such transactions would serve to weaken the market to some extent.

ARE HIGH LIVING COSTS A BARRIER TO PROSPERITY?

(Continued from page 302)

increased to an extent to protect their buying power. The unfortunate whose income has not increased in the past decade is indeed in the minority.

On the whole, therefore, the only ones who have suffered from the decline in the purchasing power of the dollar since 1913 have been people whose salaries have remained stationary through that period or whose salaries have been but slightly inceased, and of course, that large class of people who depend on their income from securities such as bonds and preferred stocks. These people have been severely affected not only because their income has virtually been reduced but because the value of their principal has declined, in some cases quite materially.

So far as the general population is concerned, however, it is clear that the lowering of the value of the dollar has not hurt the national buying power. **On the contrary, the real buying power of the public is probably greater today than at any other time in our history.**

To concentrate on the present buying power of the dollar, which is worth 63 cents, and to compare it with the 1913 dollar, which was worth 100 cents, with a conclusion that our buying power has been impaired is really misleading. Take the 1913 period, for example, when the dollar bought a full 100 cents worth. Despite the high value of the dollar, business was very bad that year. Many were out of work and, in terms of national buying power, we were far worse off in that period than in 1919, when the dollar bought only 48 cents worth. In that year, there was full employment everywhere, business was good. Prices were very high but wages were adequate. The result was high-geared prosperity.

On the other hand, take 1921. In that year, the dollar's value had risen from 44 cents to 68 cents. Yet, a first-rate depression had set in from which we are only now recovering. The present value of the dollar is less than in 1921, but the real

buying power is vastly greater because everyone is fully employed at high wages.

The significance of the dollar's buying power is therefore not important unless linked up with the state of trade, rate of production, wages, etc. The dollar may be worth, as in 1913, a full 100 cents, but if unemployment is large and mills closed down, the public is not nearly so well off as if the dollar were worth only 50 cents but with full employment and wages at a good scale.

Our Hundred-Dollar-A-Week-Man would probably relish a return to the days when the dollar was worth 100 cents, but hardly anybody else. Certainly labor doesn't want to for with full value of the dollar comes unemployment and low wages. With depreciating value of the dollar comes full employment and high wages. It is a question, too, if the average business man wants a return to low prices for declining prices generally spells an unsatisfactory volume of business and poor profits.

It may be economic heresy to view inflation as a desirable thing, but the writer, for one, believes that under fairly inflationary conditions such as at present, the nation prospers more than when prices are low. There comes a time, of course, when prices are driven up beyond any possible capacity to pay and when inflation gets to that point, there is trouble ahead. For a time, earlier this year, it looked as if we were heading for such a period. Fortunately, the storm signals that were put out have been heeded and the business craft is now sailing toward calmer waters. It may, therefore, be possible to expect more or less stability in buying power during the period immediately ahead. This may not spell quite so much active prosperity as we had at the earlier part of the year but it will at least provide a stronger business foundation than we had at that time.

SIX ADVANTAGEOUS STOCK SWITCHES

(*Continued from page* 319)

1,500 new service stations, etc. Its financial strength is sufficiently well indicated by the statement that its working capital is over 111 millions, of which more than 14 millions are in cash.

Switch from HOUSEHOLD PRODUCTS (Divs. 0, Price 34) Into AMERICAN LA FRANCE FIRE ENGINE (Divs. $1, Price 12)

Household Products is a reincorporation, recently listed, of the company making Fletcher's "Castoria," a household remedy. As such, its main asset and source of earnings is the good-will built up in some forty-five years of continuous and heavy advertising. The demand for the products does not seem to have changed materially in the last five years or more, and, while the business is apparently stable, still there is a strong speculative element in the possibility that

some new product may be marketed which may displace "Castoria."

The company will have 500,000 shares outstanding, and has announced that it expects to pay dividends of $3 a share "shortly." As only once in the last five years, and that in 1922, did the company earn as much as 1.5 millions, required for dividends at this rate, the stock cannot be said to be a safe investment as yet, apart from the fact that after all dividends have not yet been declared in the first place.

American La France, on the other hand, in addition to its well-secured dividend of $1 annually, based on the earnings from its sales of fire-fighting apparatus, has the speculative attraction of possible earnings from its new motor-truck plant at Bloomfield, N. J. It built this plant out of surplus earnings, without going into the market for new capital, while at the same time discharging over 2 millions of floating and funded debt and increasing its dividend rate from 8 to 10%. Under present conditions its yield is 8.3%, apparently well secured, while an increase to $2 or more, should the motor-truck plant prove profitable, would give an extraordinarily high yield in addition to prospective market profits.

Switch from UNITED RETAIL STORES (Divs. $6, Price 78) Into PEOPLE'S GAS, LIGHT AND COKE (Divs. $6, Price 90)

United Retail Stores, originally formed as a holding company in 1919 for United Cigar Stores Co. stock and later investing in other shares, has been, generally speaking, a disappointment. Its investments in outside companies, particularly United Retail Candy Stores, Montgomery Ward, and Gilmer, a Southern retailing proposition, have failed to yield any revenue, and have for the most part been liquidated by distribution to stockholders or sale to an outside syndicate. At the present time its one dependable source of revenue is its holding of 308,171 shares of Cigar Stores stock out of 328,653 outstanding.

To maintain the $6 dividend on its own stock, Retail Stores would have to receive $15.50 annually per share of United Cigar Stores held, compared with $5 actually received last year and $12 the year before. The highest earnings of United Cigar Stores in recent years have been the peak of $14.33 in 1920, which still would not amount to $6 a share on United Retail Stores' holdings.

The $6 dividend rate appears to have been maintained only by the liquidation of former investment holdings and distributions out of surplus, but as a permanent proposition cannot be maintained barring a sharp rise in the earnings of the United Cigar Stores Co., which is unlikely, to say the least. A cut in the dividend rate of United Retail Stores would, therefore, seem a fair prediction.

People's Gas, on the other hand, is a stable public utility, paying the same dividend rate and apparently yielding 6.5% compared with Retail Stores' 7.8%. It has a much better earning record, except as interfered with, like all public utilities, by the war and post-war booms, and now

seems to be on the way toward its pre-war levels, when it earned an average of over $8.50 per share and paid from $7 to $8. Its location in the second largest city of the Western Hemisphere, Chicago, the center of a rapidly-developing district, and its fine caliber of management, under Samuel Insull, who has been installing more economical equipment and making other operating changes such as by-product recovery, indicate good prospects of an extra or increased dividend which should more than make up for the present comparatively low yield.

RECENTLY LISTED SECURITIES

(Continued from page 327)

price. The consolidation, however, is likely to increase earnings power and the stock is not without future possibilities for enhancement in value.

The Preferred Stock

The 5 million dollars 7% cumulative preferred stock at present levels of 95 appears attractive as a business man's investment, for the funded debt of the company is small and net tangible assets are equal to $266 per share. Net quick assets alone are well in excess of the amount of first preferred stock outstanding. Net profits for the past six years have averaged 4.12 times dividend requirements on this issue.

PHOENIX HOSIERY The business of the Phoenix Hosiery Co. was established in 1890. It has grown from a small plant employing about 300 people in 1910 to a position where it now employs about 4,000 operators in the manufacture of a complete line of men's, women's, and children's silk, mercerized and woolen hosiery. It is the largest producer of trade-marked silk hose in the United States.

Earnings for 1922 were the largest in the history of the company with net profits close to two million dollars, equal to about $9 a share on the common stock after allowing for preferred dividends. Earings in 1921 were equal to about $6 a share on the present outstanding common, but earnings in 1920 were not sufficient to cover dividend requirements on the present outstanding preferred stock. It can be seen, therefore, that the company's earnings are subject to very wide fluctuations. The good showing in 1922 represents the earning power of the company under very favorable conditions and should not be taken as the average earning power.

Conclusion

In the current year, the big advance in the price of raw silk has been a rather embarrassing development for companies such as Phoenix Hosiery as they have hesitated to advance the price of the finished article to the same degree. The company's inventory position was well fortified at the end of 1922, but the outlook is rather uncertain at this time

DIVIDENDS

THE BORDEN COMPANY

Common Stock Dividend No. 56.

Preferred Stock Dividends Nos. 87 and 88.

The regular semi-annual dividend of 4% has been declared on the Common Stock of this company, payable August 15, 1923, to stockholders of record August 1, 1923.

Regular quarterly dividends of 1½% have been declared on the Preferred Stock of this Company, payable September 15, 1923, to stockholders of record September 1, 1923, and December 15, 1923, to stockholders of record December 1, 1923.

Books do not close. Checks will be mailed.

SHEPARD RARESHIDE, Treasurer.

PACIFIC GAS AND ELECTRIC CO.

COMMON STOCK DIVIDEND No. 30.

The regular quarterly dividend of $1.50 per share upon the Common Capital Stock of this Company will be paid on July 16th, 1923, to shareholders of record at close of business June 30, 1923. The transfer books will not be closed and checks will be mailed from the office of the company in time to reach stockholders on the date they are payable.

A. F. HOCKENBEAMER,
Vice-President and Treasurer.

San Francisco, California.

THE BELL TELEPHONE COMPANY OF CANADA

NOTICE OF DIVIDEND

A dividend of two per cent (2%) has been declared payable at the office of the company, in Montreal, on July 14th, 1923, to shareholders of record at the close of business on June 23, 1923.

WM. GEO. SLACK, Treasurer.

Montreal, June 13, 1923.

OFFICE OF THE UNITED GAS IMPROVEMENT CO.

N. W. Corner Broad and Arch Streets

Philadelphia, June 13, 1923.

The Directors have this day declared a quarterly dividend of one and one-half per cent. (75c per share) on the Common Stock of this Company, payable July 14, 1923, to holders of Common Stock of record at the close of business June 30, 1923. Checks will be mailed.

I. W. MORRIS, Treasurer.

MEETINGS

SAFETY CAR HEATING & LIGHTING CO.

At the annual meeting held at 2 Rector Street, New York City, on June 12th, 1923, the following officers were elected: President, W. L. Conwell; Vice-President, J. A. Dixon; Vice-President, R. Parmly; Vice-President, Jas. P. Soper; Secretary and Treasurer, C. W. Walton; Asst. Secy. and Asst. Treas., William Stewart.

DIVIDENDS

Paramount Pictures

To the Stockholders of FAMOUSPLAYERS-LASKYCORPORATION

New York, June 11, 1923.

PLEASE TAKE NOTICE that the regular quarterly dividend at the rate of $2.00 per share on the preferred capital stock of this Company issued and outstanding has this day been declared payable August 1st, 1923, to stockholders of record at the close of business on July 16th, 1923.

ELEK JOHN LUDVIGH, Secretary.

HUPP MOTOR CAR CORPORATION

Preferred Dividend No. 31

Detroit, Michigan, June 8, 1923.

The Directors have declared a quarterly dividend of 1¾% on the 7% Cumulative Preferred Stock, payable July 1, 1923, to stockholders of record June 20, 1923. Checks will be mailed.

A. VON SCHLEGELL, Treasurer.

SAFETY CAR HEATING & LIGHTING CO.

New York, N. Y.

Dividend Declared.

June 12th, 1923.

A dividend of one and one-half (1½%) per cent, payable July 2nd, 1923, to stockholders of record June 16, 1923.

C. W. WALTON,
Secretary and Treasurer.

Equity Petroleum Corporation

DIVIDEND NO. 5

At a special meeting of the Board of Directors, held today, the fifth regular three per cent quarterly dividend was declared and ordered paid on all issues and outstanding Preferred Stock of record June 30th, 1923, payable July 10th, 1923.

G. CLINT WOOD, President.

Dated, June 1st, 1923.

UNION BAG & PAPER CORPORATION

DIVIDEND No. 27

New York, June 13, 1923

A quarterly dividend of one and one half per cent has this day been declared upon the stock of this Corporation, payable July 16, 1923, to the holders of record of the stock of this Corporation at the close of business on July 6, 1923.

CHARLES B. SANDERS,
Secretary.

THE WESTERN UNION TELEGRAPH COMPANY

New York, June 12th, 1923.

DIVIDEND NO. 217

A quarterly dividend of ONE AND THREE QUARTERS PER CENT has been declared upon the Capital Stock of this Company, payable on July 16, 1923, to stockholders of record at the close of business on June 25, 1923.

The transfer books will remain open.

G. K. HUNTINGTON, Treasurer.

WORTHLESS SECURITIES DO NOT ALWAYS REPRESENT FAKE COMPANIES!

(*Continued from page* 307)

road from the railroad thirty-five or forty miles distant. Then the ore could be sent out and wealth would come in, not merely to the isolated valley but to those who contributed their funds to the development of the project.

This was before the War and foreign capital looked with much favor upon American mining adventures. Governor Allen's plan was to use his first funds in putting the property into shape to stand a financial program, and when considerable preliminary work had been done he completed a deal with an English syndicate which would have provided him with sufficient funds to have proven the Boston and Montana either a dream or a Mida's chest. After the papers had been signed, but before any of the money was transferred to this country, a Serbian student killed the Archduke of Austria, and the nations of Europe grappled with their hereditary enemies, or went to the assistance of their treaty allies.

Governor Allen's Boston and Montana bubble appeared to have been "sideswiped," but he was not daunted. From that time until the beginning of this year he and his associates in the Boston and Montana promotion engaged in a constant effort to raise funds for a project that swallowed money as fast as it could be raised.

Just how much has been raised I do not know, nor do I know *how much of what has been raised has gone into the property.* The expense of raising the money must have been enormous.

Practically every method known in stock selling was resorted to. Markets have been maintained on the New York and Boston Curbs for two purposes; one to establish a price at which stocks could be sold by personal solicitation or by mail; the other to establish a market through which stock could be actually distributed. Brokerage houses were induced in various ways to incorporate in their printed weekly letters or so-called market reviews glowing treatises of the progress made by Boston and Montana.

Special inducements were made to brokers to distribute stocks among their following. Big discounts were offered. With the stock selling around thirty cents a share—usually the price at which the Allen brokers supported the stock—a broker could execute an order for a client at thirty, charge the client a commission, resell the stock at thirty; then, if the customer could be induced to pay for the stock outright the broker could rebuy the stock direct from an Allen broker, three or more points under the market, and outside of market hours or market channels.

This stock was not obtained direct from the company but from brokers who merely had a personal arrangement with Governor Allen and his associates. These intermediary brokers neither knew nor cared whether the stock came from the personal holdings of Governor Allen and his associates or from the treasury of the com-

pany. It was generally assumed—Allen would never discuss it—that the Allen associates had an option on the stock at one price—turned it over to the intermediary brokers at a higher price—they in turn received another premium when they resold the stock to commission brokerage firms—whose customers paid still more for the stock. Three or four bites out of thirty cents do not leave much for the company's treasury.

For a number of years, the market structure of Boston and Montana on the New York and Boston Curbs was regarded as the best of any of the cheap mining stocks. There was always a market for the shares, with usually only a cent between the bid and asked prices. A dissatisfied holder could sell his stock at any time at the bid price.

Every so often the stock would have a short run-up from thirty or thirty-five cents a share to just under one dollar, and a small group of brokers, really traders, practically made a livelihood by buying and selling Boston and Montana for their own account. They were quick to scent efforts on the part of the interests back of the stocks to advance its price and they would buy large quantities of the stock thereby assisting in the ballooning operation. During this period it would develop that a large number of shares purchased on margin through various brokerage houses were being taken up by the purchasers and coincidently the intermediary brokers would regretfully explain they had no more stock available to sell to the broker under the market. Whereupon the brokerage houses were forced to go into the open market and buy the stocks to make deliveries. These campaigns always ended abruptly. There would come a flood of stock offerings, usually reported as being of Boston origin, and frequently proving to be a resale of the certificate the brokers had just delivered to their "customers." In a day or two the stock would be back to its earlier level.

During this period, which stretched over six or eight years, it became evident that a railroad was needed and that the ore would have to be milled at the property. The Montana Southern Railroad was financed through the selling of bonds and notes. Second-hand equipment was purchased. The milling unit also was organized as a separate company, and a 250-ton mill built. The road was narrow gauge, to prevent—as Governor Allen explained—the big railroad from keeping the cars of the little road. Standard gauge cars, he said, would be routed right through to destination and the road be quickly drained of its rolling stock. Being narrow gauge, however, it was impossible for the cars to be run on the standard gauge track, and therefore the ore and other freight had to be handled through a transfer station built at Divide. All these years the Boston and Montana mine kept continually at work, though at times its forces were few in number.

After a while the market structure became unwieldy. Too much stock had been distributed and each market campaign met with increasing resistance because of the increasing amount of stock offered for sale on the advance. Again the Allen resourcefulness showed itself. A new corporation was organized and the

KEEP POSTED

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A GRAPHIC GUIDE TO INVESTMENTS
A highly instructive circular for the careful and discriminating investor who investigates a security before placing his funds. (263)

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Issued by an old established bond house listing Municipal, Railroad, Equipment, Public Utility, Industrial and Foreign Government Bonds. They offer conservative investors a wide range of choice of sound securities with liberal income return. (270)

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The best review of Canadian securities published. It gives authoritative detailed information on 53 standard Canadian securities, yielding from 5 to 7½%. (271).

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A loose-leaf security record for recording income tax data, interest payment dates, maturities, yield, taxable status, etc. Binder & loose-leaf forms furnished on request. (272)

BOND RECORD
A 24-page book showing price range (high and low, 1906 to date), tax status, maturity, interest dates, call place (if any), income values, yields of the active bonds listed on the New York Stock Exchange. (273).

U. S. RUBBER
A complete survey of the premier Rubber Mfg. Company. (274)

CAPITALIZING YOUR LIFE INSURANCE
An extremely interesting booklet explaining briefly how to utilize a life insurance policy for creating a trust fund. The plan does not require a large cash capital, but enables salary workers to set up a fund which will provide income for independents. (275)

RADIO, THE THIRD YEAR
A history of the growth and expansion in this fascinating field during the past 3 years. Also contains a list of the radio and wireless stocks. (276)

STEWART WARNER SPEEDOMTER CORP.
A complete analysis of this company, compiled by a member of the N. Y. Stock Exchange. Of great interest at the present time due to the stock's market position. (277)

A QUESTION ANSWERED
An extremely interesting illustrated booklet explaining how a stock exchange firm handles out of town business. It shows how orders are treated from the time the letter arrives to the final placing of the certificates purchased. (278)

INVESTMENT SUGGESTIONS
contained in a market letter published by an old established stock exchange firm. Discriminating investors should have their name on this list permanently. (279).

stock exchanged for stock of the old company. This resulted in a large reduction in the floating supply of the old stock and as neither issue could be used as a delivery on contracts in the other it became easy to stage advances in each stock.

Then—the smash! Just what happened behind the scenes has not yet been determined but a well-known geologist, an active partner in a Curb brokerage house, which had handled the stocks as an intermediary broker, paid a visit to the property and broadcast immediately a statement condemning it and withdrawing support. It is a curious coincidence that the whole development of the property had been based upon geological reports made by a former silent partner of this concern who is even more widely known as a geologist and engineer, and is the publisher of a standard mining manual. Furthermore, the principal "market maker," also a partner in this firm (the Curb expelled him June 14), handled the market during practically the entire period since the shares were presented on the New York Curb. It was largely due to his market strategy that the various constructive campaigns in the stock market were carried through.

It is a question how many of the stockholders in the Boston and Montana bought their stock directly from the company or from its fiscal representatives. Probably a very small percentage. A larger proportion bought stock outright through their own brokers, while others are involuntary investors who bought the stock outright as a long pull speculation.

If out of the wreck a new concern is organized and the property is eventually placed on a sound footing, it is almost safe to predict that not one of those who are stockholders in the old company will benefit from a single cent placed in the shares previous to this time. Such benefit as they may obtain will likely be from any new funds they may place in the risen phoenix.

All of this brings us back to the statement that the legitimate fruits of an enterprise are frequently denied to those who purchase securities in the original promotions and are gathered by others. Even should Boston and Montana never develop into a mining organization of importance, the Wise River valley has a railroad and the agricultural and industrial possibilities of the territory which it traverses and taps will be developed and contribute to the wealth of Montana in particular and of the country in general. This does not mitigate the fact that the Boston and Montana securities were unwise purchases and should never have been made an appeal to any intelligent or trained investor.

Very much the same tactics have been employed by other promoters though few of them were able to drag along for a decade without coming a cropper. It is true that many large organizations have had humble beginnings and the get-rich-quick artist never tires of mentioning American Telephone, Mergenthaler, Ford Motors, Welsbach Gas Mantle, and other promotions that were dispised and rejected in the beginning. But he conveniently overlooks such instances as Boston and Montana, United States Steamship, The Cleveland Discount Company, Maxim Munitions and other stocks at the foot of whose rainbows there lay no pots of gold.

Rickenbacker Six

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